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NEWS SUMMARY

GENERAL

Back to work' call at BBC

television riggers and ...ers whose strike action hit ...de broadcasts and record... of other programmes will ...sked by union leaders at ...eting today to return to

...ociation of Broadcasting officials approved a formula ...nding the dispute follow... talks at the Advisory, ...liation and Arbitration ...ce.

...e strike began after a ...r was dismissed for ...edly assaulting a transport ...ger. Under the formula, driver will receive basic payments until a court ...ng and until his appeal to BBC against the dismissal.

...e sentence ...n cleared

...lisc jockey who has served five years of a life sentence the killing of a schoolgirl ...his conviction quashed and ...nce set aside by three ...al Court judges in London. Albert Taylor, 29, was ...ed following new evidence his alibi regarding a ...king" clock at Peter...gh railway station. The Secretary had referred ...ise to the Appeal Court.

...nger chemical

...rehouse fire which caused worth of damage and ...ed 13 people at Renfrew, ...ind, was caused by explod... ...rums of sodium chlorate—...mical not classified as an ...sive substance in the UK road—says a Government ... Page 10

...nada coup

...Grenada Government of Minister Sir Eric Gairey West Indies was over...n by a group headed by ...laurice Bishop, a lawyer ...eads the New Jewel Move... The revolutionary forces ...d control after a bloodless Page 6

...n quits pact

...has confirmed its with...l from the Central Treaty ...isation (CENTO), the ...rn defence alliance for Asia, in its first move ...ds its intended role as a ...ligned nation.

...e strike ends

...week-old strike by white African miners has been ...l off in what appeared to major defeat for the Right... mineworkers' union. The ...rs will forfeit their ...nulated benefits before back to work.

...men peace bid

...n and South Yemen have ...d to a complete withdrawal ...oops within 10 days, follow... mediation by the Arab ...e. thus ending border ...es which began about three ...s ago.

...efly ...

...er UXB television series ...a man in Rainham, Kent, ...ing he had a live war... bomb in his bedroom. It ...xploded by bomb experts.

...tlas by Gerardus Mercator, 16th century Flemish ...grapher, sold for over ...00 at Sotheby's. Page 8

...lian and Norwegian hun... killed 9,600 seals on the day of the cull off the ...dor coast.

...woods Pools chairman Moores is to retire for ...reasons and become com... president.

...an secretary of a Christian ...crat Union official is the West German to defect to Berlin. Page 2

BUSINESS

Equities down 12 on profit-taking

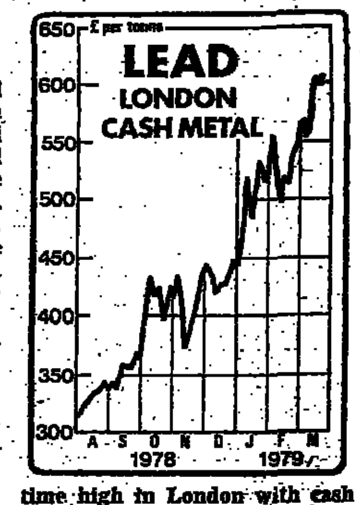
● EQUITIES reacted to fairly sizeable profit-taking after the boom of the past week, coinciding with a lull in buying by the institutions. The FT Ordinary Index closed 12.7 down at 506.6, as many of the industrial leaders closed at the day's worst.

● GILTS weakened and the Government Securities Index fell 0.19 to 72.64.

● STERLING fell 15 points to \$2.0395 but its trade-weighted index rose to 65.3 (65.0), helped by London interest rates. The dollar's depreciation narrowed to 8.3 per cent (8.4).

● GOLD rose \$1¼ to \$240¾ in London.

● LEAD prices rose to an all-



time high in London with cash lead up £6 at £605 a tonne. P.33

● WALL STREET was 6.32 up just before the close.

● GEC has confirmed a £50m Eurosterling bond issue. The 10-year stock carries a coupon of 12¼ per cent.

● BUILDING SOCIETY net receipts for February were £231m, £58m down on January and the lowest for six months. The figures were however better than expected a month ago, and may mean that mortgage lending may not have to be cut back. Back Page.

Money supply growth eases

● MONEY SUPPLY growth slackened during February, following large sales of gilt-edged stock. Bank lending to the private sector appears to have been buoyant, because of strikes and the bad winter, so it is likely that the underlying expansion of the money supply remained above the upper end of the Government's target range. Back Page, tables Page 26

● BL has put up for sale its commercial refrigation subsidiary, Prestcold. The decision increases uncertainty about the future of Prestcold's Glasgow factory which employs 900 and is said by the company to need a cash injection of at least £8m to be commercial. Back

● TRADE union request for a public inquiry into BSC's proposed closure of its Bilston steelworks in Staffordshire has been rejected by the Government. Back Page

● GOVERNMENT has announced emergency legislation for the Scottish courts, because of strike action by court clerical workers. Ministers have appealed to civil service unions to call off their campaign, but further action will be announced tomorrow. Back Page

● BROOKE BOND LIEBIG reports pre-tax profits overseas down by £9m to £10.3m for the first half of 1978/79. Profits in the UK improved, and group pre-tax profit for the period fell from £22.22m to £17.98m. Page 22 and Lex

Mid-East treaty near

Israel and Egypt are close to signing a peace treaty on the basis of compromise proposals hammered out by President Carter. It could be signed as early as the end of next week but final conclusion depends on approval of the draft by the Israeli Cabinet and Parliament.

After Mr. Menahem Begin, Israeli Premier, had agreed yesterday morning to submit the proposals Mr. Carter flew to Cairo and won acceptance of them from President Anwar Sadat of Egypt after 2½ hours of talks. Before returning home Mr. Carter said: "I am convinced we now have all the main ingredients of a peace treaty which will be the cornerstone of a comprehensive settlement in the Middle East."

Mr. Begin was optimistic describing Egypt's agreement as "tremendous progress." He warned, however, that the Israeli legislature might still reject the proposals. If it did, then his Government would resign.

While the draft treaty seems bound to be the cause of considerable heart-searching in Israel, it may also encounter opposition within Mr. Sadat's government. Although its terms had not been revealed last night, it is certain to be rejected by the majority of Arab States on the gounds that it will not ensure Israeli withdrawal from all occupied territories or a satisfactory form of Palestinian self-determination.

Only Israeli Cabinet's approval needed now

BY JUREK MARTIN AND ROGER MATTHEWS IN CAIRO

PRESIDENT CARTER left the Middle East last night after 10 days of extraordinary personal diplomacy, with only the approval of the Israeli Cabinet needed for a settlement.

Mr. Carter telephoned Mr. Begin from Cairo Airport telling him of President Sadat's acceptance. He said that Mr. Begin had undertaken to present the U.S. proposals to his Cabinet for approval "at the earliest opportunity."

However, Mr. Carter did not proclaim that peace was at hand.

Displaying the same caution that he has throughout his week of negotiations, he said: "We have now defined all of the main ingredients of a peace treaty between Egypt and Israel which will be the cornerstone of a comprehensive peace settlement for the Middle East."

It appears clear now that the final decision will rest with Israel. It is understood that Mr. Begin has agreed to support some, though not all, the U.S. proposals that he will lay before his Cabinet.

But his public statements imply that he expects acceptance by his colleagues.

Mr. Carter had obviously decided that at this stage there was no point in going back himself to Jerusalem, or in dispatching Mr. Cyrus Vance, Secretary of State, to be on hand for the climactic Israelic decision.

In a statement before his departure Mr. Carter said: "I am convinced that now we have defined all of the main ingredients of a peace treaty between Egypt and Israel which will be the cornerstone of a comprehensive settlement in the Middle East."

He acknowledged that there were also other "few remaining issues" on which he had submitted proposals to Mr. Sadat and Mr. Begin. The implication was, however, that these did not affect the main body of the treaty.

The major questions to be resolved were the linkage between the Egyptian-Israeli treaty and arrangements for autonomy for the people of the West Bank and the Gaza Strip, on the one hand, and the pact's relationship to Egypt's existing commitments to come to the defence of other Arab States.

Agreement has apparently been reached on general formulae settling these questions.

The three remaining issues are understood to be Israeli objections to an Egyptian presence in the Gaza Strip in the run-up to elections for an autonomous Palestinian authority; Egypt's willingness to sell oil from the Sinai fields after the Israeli withdrawal; and timing of establishment of full diplomatic relations, in turn closely related to the Palestinian Arab question.

At this stage it is not possible to say, given the blanket of secrecy that has embraced these negotiations, exactly how the outstanding issues will be

Continued on Back Page

Mr. Carter and Mr. Sadat embrace at Cairo airport

I'd quit —Begin

By David Lennon in Jerusalem

MR. MENAHEM BEGIN, the Israeli Prime Minister, has called a special session of the Israeli Cabinet this morning to discuss the U.S. proposals for resolving what he described as two remaining stocking-points in the negotiations.

If the Cabinet decides that all the problems between Egypt and Israel have been resolved, Mr. Begin says his Government will seek the Knesset's approval for the peace treaty next week. He said the Cabinet would resign if the Knesset rejected its recommendation.

Both the Premier and his deputy, Professor Yigael Yadin, cautioned that the Cabinet vote to accept the proposals was not a formality. But Mr. Shimon Peres, Leader of the Opposition, said he was sure the Cabinet would approve the new formula.

From the tone of Mr. Begin's words it appears that he too believed that after 15 months of negotiation a treaty with Egypt was about to be concluded successfully.

Mr. Begin would not say if he intended to recommend U.S. proposals to his Government today. He said he had declined to tell President Carter yesterday what his position would be because a prior declaration by him would bind the Government.

Farm prices setback for Callaghan

BY GUY DE JONQUIERES AND MARGARET VAN HATTEM IN PARIS

EEC GOVERNMENT leaders refused yesterday to endorse formally the principle of a freeze on common farm prices or the need to eliminate the Community's mounting agricultural surpluses.

This inconclusive outcome is clearly a setback for Mr. James Callaghan, who had sought to persuade his counterparts at the EEC summit that there should be no increase in common prices for surplus commodities until the balance between supply and demand had been restored.

He said after the meeting that he still hoped that EEC farm ministers would agree during the next few weeks on a freeze for this year. But senior UK officials suggested privately that the Government might yet have to carry out its threat to veto any proposed farm price rise to achieve this aim.

Despite strong British pressure, other EEC leaders refused to include in the official summit communique a key passage stressing the need to cut agricultural expenditures by eradicating surpluses. The statement also failed to back the EEC Commission's call for a "rigorous" price policy.

Instead, the final version stated that the Community should merely seek to limit the build-up of surpluses through a prices policy "suited to the situation" and through efforts to adapt production to correct imbalances on certain markets.

Nonetheless, Mr. Roy Jenkins, President of the European Commission, said that he remained resolved to press for a price freeze on surplus commodities this year.

But President Valery Giscard d'Estaing, who chaired the meeting, publicly dissociated himself from Mr. Jenkin's remarks, observing pointedly that they reflected the views of the Commission and not of the EEC heads of government.

He said that the French Government could not agree to an across-the-board price freeze because the balance of supply and demand for different farm products varied widely between different EEC countries.

Even stronger opposition to the idea of a total price freeze was expressed by Mr. Jack Lynch, the Irish Prime Minister. But his Danish and Italian counterparts took a somewhat less dogmatic line.

The EEC leaders also instructed their finance ministers and the Commission to study ways of encouraging greater convergence between national economies in the light of the belated launch this week of the European Monetary System. They have been asked to report on their conclusions by the next EEC summit in late June.

Mr. Callaghan said he had insisted that the finance ministers should pay special attention to the relationship between member countries' net contribution to the EEC budget and their relative economic strength. However, no specific reference was made to this issue in the official communique.

On employment, the leaders called for closer study to be given to improving training schemes, increasing job opportunities for women, and the possibility of limiting systematic use of overtime. They also stressed the importance of social measures to help redundant workers in hard-hit sectors, like the steel industry.

On energy, the summit called for a 5 per cent cut in EEC oil consumption this year, broadly similar to the objective recently agreed by members of the International Energy Agency.

Other summit news, Page 2
World Trade News, Page 7
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Parliament, Page 15

Backing for Premier

BY RICHARD EVANS, LOBBY EDITOR

MR. CALLAGHAN'S forthright warning to other Common Market leaders that Britain might refuse to pay its full contribution to the EEC budget unless reforms were put in hand was welcomed with enthusiasm by Labour MPs yesterday.

They saw the Prime Minister's stance as providing a useful policy platform for Labour to occupy in the run-up to the general election and in the campaign for direct elections to the European Parliament.

How far the Labour leadership will be prepared to become openly hostile to the EEC for domestic political purposes remains to be seen, but Labour anti-Marketeers were convinced yesterday that Mr. Callaghan would be forced to become even more critical in the coming months.

Mr. Michael Foot, deputising for Mr. Callaghan in the Commons, described the Prime Minister's Paris statement on the need for fundamental reforms as "a most important declaration."

Sharp rise in sterling as EMS makes start

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING ROSE sharply yesterday against the main Continental currencies as the European Monetary System made a belated start after a 2½-month delay. This re-opened speculation about a possible break in the link between sterling, which is not in the system, and the Irish punt.

Mr. Jack Lynch, the Irish Prime Minister, warned that Ireland would cut the link between the two currencies if sterling moved outside the margin of currency fluctuation laid down in the rules of the EMS. He told journalists after the two-day EEC summit in Paris that: "If that happens, then it's goodbye sterling."

The current intention is to maintain the one-for-one parity between the punt and sterling, though in Frankfurt the punt was fixed fractionally lower than sterling.

Sterling rose against most of the currencies participating in EMS as the trade-weighted index rose by 0.3 to 65.3, its highest level since late February 1978, and an increase of 3.1 per cent in the last six weeks. The rise might have been slightly larger but for Bank of England smoothing intervention.

Trading in the eight EMS currencies was fairly quiet and the currencies mostly remained around their central rates though the D-mark weakened slightly.

The British Government has promised to keep sterling stable in relation to the currencies of its major trading partners, not only in Europe but throughout the world.

Problems could arise if sterling continued its recent rise on foreign exchange markets which might mean an artificial inflation of the punt's value.

Currencies participating in the EMS are required to move by no more than 2¼ per cent against each other. These rates were set yesterday in terms of a central pivot rate fixed in relation to the European Currency Unit, a floating basket of EEC currencies. Only Italy has been allowed a wider margin, set initially at 6 per cent.

Under EMS rules, any country whose currency diverges by more than an average of 1.7 per cent from its central rate is subjected to a presumption to act to bring it back into line. In practice this could lead to changes in domestic economic and monetary policy, or an adjustment of the currency's central rate.

This obligation could clearly have embarrassing consequences for Ireland if the punt diverged from its central rate because of fluctuations in sterling over which the Dublin Government had no control.

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Money markets Page 27

£ in New York

—	Mar. 12	Previous
Spot	\$2.0380-0390	\$2.0375-0385
1 month	0.38-0.33 dis	0.43-0.38 dis
3 months	0.68-0.63 dis	0.74-0.69 dis
12 months	1.85-1.65 dis	1.95-1.75 dis

Exxon gives oil supply warning

BY DAVID LASCELLES IN NEW YORK

EXXON, the world's largest oil company, said yesterday that for the foreseeable future it will be a net buyer rather than seller of oil. It has warned third party customers that, as a result, it will only partially renew oil supply contracts when they fall due, and will eventually phase them out altogether.

Third party customers are companies unaffiliated to Exxon which purchase its oil. Exxon buys oil on behalf of its many subsidiaries and other affiliated operations around the world, selling the excess to third parties.

The company said the Iranian crisis had precipitated the move, but added that fundamental changes in the company's operations would have brought it about eventually.

Third party customers have been advised that from the end of this month their contracts will be renewed for only six months. During that time they will get only 50 per cent of previously supplied volumes. After the six months are up, supplies will end altogether. The six month grace period was to enable customers to find new cources of supply, Exxon said.

Contracts due for renewal extend right up to 1982, Exxon said, but most of the early ones are in Japan, where Exxon's new strategy first came to light.

Exxon had no figures to indicate how big the cutback would be. It estimates that 10 per cent of its oil supplies are involved. On the basis of 1977 figures, the latest available, this would amount to just over 500,000 barrels of oil a day.

The recent cancellation by British Petroleum of its 350,000 barrels-a-day supply contract with Exxon is believed to have been a decisive factor in the decision, though Exxon would not confirm this.

Exxon, however, has for some time been warning customers that it might not be able to renew supply contracts automatically, partly because of the nationalisation of some of its producing properties and partly because of tightening world supplies. In the early 1970s Exxon switched from roll-over to term contracts so as to keep firmer control on its delivery commitments.

Exxon has no third-party customers in the UK.

Petrol up 2-3p next month
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America wakes up to the crisis
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...EF PRICE CHANGES YESTERDAY

(...es in pence unless otherwise indicated)

RISES			FALLS		
...ate Inds.	335	+ 25	Excheq. 12¼pc 1994 £101⅞		— ¼
...t Radiovision	136	+ 4	Assoc. Dairies	256	— 14
... & Rose	810	+ 100	BOC	73	— 3
...lough Const.	76	+ 4	BTR	383	— 6
...ne Hldgs.	70	+ 7	Beecham	680	— 22
...l Services	124	+ 6	Britannic Assurance	182	— 6
...on-Richards ...	159	+ 10	Extel	153	— 5
...worth Benson	120	+ 8	GEC	376	— 7
...on & Midland ...	116	+ 5	GKN	263	— 12
...os	95	+ 6	ICI	394	— 11
...s Paper Mill	71	+ 10	Kitchen (R.) Taylor	185	— 13
...s	149	+ 7	Land Secs.	280	— 7
...ige	190	+ 8	MEPC	175	— 6
...rtson Foods	153	+ 7	MFI Furniture	355	— 35
...ish Metropol.	132	+ 4	Marks & Spencer	100	— 4
...-American ...	945	+ 45	Rank Org.	278	— 6
...-Vaal.	£11⅞	+ ⅛	Rolls-Royce	93	— 6½
...nvests.	271	+ 7	Stothert & Pitt	210	— 13
... Rand Cons.	174	+ 21	Utd. Biscuits	80	— 5
			Utd. Scientific	280	— 18
			Willis Faber	235	— 11

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EUROPEAN NEWS

Dr. Kurt Biedenkopf (left), whose secretary fled to East Germany at the weekend; Gunter Guillaume and his wife Christel, who were jailed for spying in 1974; Frau Ursel Lorenzen (second from right), a NATO secretary who defected recently; and Frau Renate Lutze, convicted of betraying secrets to East Germany.

Defections embarrass W. German Opposition

A case of spies in odd places

BY JONATHAN CARR IN BONN

THE LATEST revelations of alleged espionage for the East by the secretaries of some leading West German Opposition parliamentarians have startled a country more used than most to being spied upon.

Police said yesterday that Fraulein Christel Broszey, aged 3?, the secretary to Herr Kurt Biedenkopf, a deputy chairman of the Christian Democrat party (CDU), had gone missing. She was believed to have fled with an accomplice to East Germany.

Only last weekend it was disclosed that Frau Inge Goliath, aged 37, who worked for Herr Werner Marx—a leading CDU expert on Eastern European affairs—had turned up in East Germany with her husband.

And on the previous Tuesday, both Frau Ursula Hoefs, aged 34, who worked for the CDU and her husband were arrested by police on suspicion of espionage.

Herr Marx confessed himself flabbergasted on learning of his secretary's activities—and the reaction is a general one. In the late 1960s and early 1970s the CDU opposed the Ostpolitik of the ruling Social Democrat (SPD) and Free Democrat (FDP) coalition parties—and still remains critical of certain aspects of it.

While it was known that the East German Ministry for State Security had been able to place agents in several key Bonn government departments, the offices of the CDU were the last places where espionage was considered likely.

The question being widely asked is why so many revelations should be emerging just now, and although a direct connection has not so far officially been drawn, it is believed that the answer has much to do with the recent defection to the West of a leading East German agent.

Oberstleutnant Werner Stiller, who crossed from East to West Berlin in January and was subsequently brought to West Germany, has passed on vital information about East German espionage activities. Herr Kurt Rebmann, the federal Attorney General describes the defection as the most important for decades.

By the end of last week, on the basis of Oberstleutnant Stiller's revelations, 22 suspected East German agents had been uncovered and ten arrested (one of whom promptly escaped again). The other 12 were able to reach East Germany before arrest.

Herr Rebmann made it clear that investigations into other suspects were continuing. But he said that already East German spying activity in the fields of politics, economics, industry and science had been "severely and enduringly" damaged.

Although the tempo of disclosure of espionage has increased in recent weeks, spying revelations in themselves are nothing new here. It is fair to say that people have become almost used to them. Particularly intensive espionage has been made possible by the division of the country, the flood of refugees from East to West before the building of the Berlin Wall, and the ease with which one German-speaking agent can be placed on the territory of the other.

Many of the East German agents here, who are numbered in thousands, are in no position to do more than pass on small tips of doubtful usefulness. But a relatively small group are of a quite different order.

One was Herr Guenter Guillaume, the "spy in the Chancellery" whose arrest in 1974 was followed shortly afterwards by the resignation of Herr Willy Brandt as head of Government.

Others were Frau Renate Lutze and her husband who, with an accomplice, passed on from the Defence Ministry to the East about 1,000 documents. Revelations about this affair brought the resignation last year of Herr Georg Leber, the Defence Minister.

Among the documents were an analysis of the NATO fuel pipeline system, a concept for tank *armament in the 1990s, and the* alarm plan of the Federal armed forces. A Parliamentary committee described the damage wrought by the Lutzes as being, in large measure, irreparable.

Some reports suggest that the defection this month to East Germany of Frau Ursel Lorenzen, a German secretary at NATO headquarters in Brussels, might also present similarly serious security problems for the Alliance. On the other hand, it is officially stated that Frau Lorenzen took no secret papers with her and a final judgment of the case cannot yet be made.

Wholesale prices up 3.1% in February

BY OUR BONN STAFF

WEST GERMAN wholesale prices rose by 3.1 per cent in February against the comparable month last year. This was the sharpest rise for almost two years.

Several seasonal factors were at work. They included a particularly strong increase in fresh vegetable prices (up by 9.? per cent) and the surge in light heating oil prices (up by 9.1 per cent).

However, the development will be viewed with concern by those already forecasting an overall increase in inflation this year. They include the Kiel economic research institute which, in a report released yesterday, says it expects an average increase in the cost of living this year of between 3.5 per cent and 4 per cent.

It is mainly with the inflationary danger in mind that the Bundesbank has taken steps recently to curb the increase in money supply. It is also why some in the Bundesbank and elsewhere are wary of the currency market intervention duties imposed by the European monetary system.

Tactics on steel split the Left in France

By David White in Paris

DIFFERENCES OF approach within the French Left and the trade union movement have improved the Government's prospects for heading off a major confrontation over job losses in the steel industry.

The Communist-led CGT union confederation and its rival left-wing body the CFDT have failed to agree on protest tactics against the Government's plans for cutbacks in the industry's workforce.

Both bodies are calling for a general strike in the main steelmaking regions of northern France, Lorraine and the central Loire region on March 23, but the CFDT has opted out of a potentially explosive mass march to Paris on the same day.

Union leaders failed to reach agreement after six hours of talks on Monday.

The Communist and Socialist Parties, meanwhile, are expected to table separate censure motions against the Government during an extraordinary session of Parliament, scheduled to start this afternoon.

Detailed talks on France's steel reorganisation plan resumed yesterday between the management of the largest producer, Usinor, and union representatives. M. Claude Etchegarey, the Usinor chairman installed by the Government last year, reaffirmed his determination to close part of the company's loss-making operations at Denain, the scene of some of the most vehement labour protests.

Terry Dodsworth adds: France's current account figures last year, lifted by a surplus of FFr 7.9m (£910,450) in the fourth quarter, amounted to FFr 18.6m. But the Ministry of the Economy underlines that the capital account deficit totalled FFr 8.6m for the year.

Mediator again delays strikes in Denmark

By Hilary Barnes in Copenhagen

THE STRIKES and lock-outs which threaten to paralyse Denmark following the breakdown of collective wage negotiations between the TUC and the Employers Federation were postponed again yesterday by the official labour market mediator

The TUC plans to call out transport, dock and power workers, which will affect fuel and food distribution; the Employers' Federation intends to lock out 250,000 workers.

According to the unions, negotiations have reached deadlock because the employers insisted on an agreement which would mean wage reductions. The employers are insisting on two points: modifications to the automatic cost-of-living wage escalator system, and an agreement which gives a wage rise this year of substantially less than 8 per cent.

The unions estimate that with the roll-over from last year's agreement, wage drift and the escalator their members will receive 8 per cent this year without any new accord.

The Cabinet, which is due to meet today, is widely expected to propose a setlement formula which it will ask Parliament to pass into law, thus averting the outbreak of one of the most damaging labour conflicts for generations.

Leaders agree on 5% cut in 1979 oil consumption

BY ROBERT MAUTHNER IN PARIS

THE LEADERS of the nine EEC states yesterday agreed to step up efforts to lessen dependence on oil imports and to make a substantial reduction in their combined oil consumption in the current year.

At their summit in Paris, the member states undertook to adopt policies which would cut total oil consumption in 1979 by 5 per cent to 500m tonnes, 25m tonnes less than originally estimated.

They also renewed their undertaking, first made at the European summit in Bremen last year, to reduce the level of the Community's dependence on energy imports to 50 per cent of total consumption by 1985.

The European Council's decision closely follows that of the International Energy Agency earlier this month. The *West's main oil-consuming* nations then agreed to reduce their combined demand for oil on the world market by 5 per cent, or some 100m tonnes, in 1979. The 20-nation agency comprises all the EEC member states except France.

The communique issued after yesterday's meeting said that the Nine would step up efforts to substitute coal for oil whenever possible and to strengthen nuclear electricity programmes whenever conditions permitted.

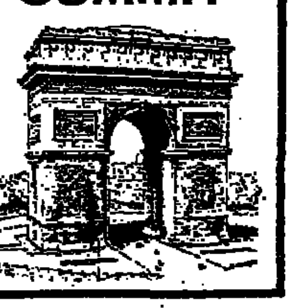
The energy-saving measures taken by the Community or at national level must not, however, adversely affect economic activity. They are to be aimed at the consumption of energy by Government departments and public authorities, the heating of business and residential premises and a more rational use of petrol by motor vehicles.

The European leaders stressed that it was particularly important for the U.S. and Japan, as well as the EEC, to reduce energy requirements.

They also went further than the IEA in underlining the necessity for a dialogue with the producer countries and in supporting the recent Saudi Arabian and Mexican calls for rapid consultations between consumer and producer countries.

While the IEA favours regular and close consultation with the OPEC countries, it does not consider it necessary to organise a joint meeting between producers and consumers at the moment.

THE EEC SUMMIT



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Ireland opts for 2¼% margin

BY STEWART DALBY IN DUBLIN

DESPITE LAST-MINUTE fears that Ireland would opt for a 6 per cent fluctuation band for the punt, along with Italy's lira, when the EMS got under way yesterday, the Irish Government has gone for a 2¼ per cent band and thus adhered to its plans of last December even though circumstances have changed slightly.

The central bank announced yesterday that the limits of fluctuation against the Deutsche Mark, for example are DM 3.7045 and DM 3.8750. The *punt will be allowed to appreciate* by 2¼ per cent against the central rate whereupon the upper intervention point will be reached.

The difference between Ireland and the other seven members of the system is that the country has had a longstanding parity link with sterling. Ireland has said that it wants to combine mebership of the EMS with maintaining the parity for as long as is possible.

Ireland wants to do this quite simply because of trading connections. Although there has been considerable diversification, Ireland still sends 47 per cent of its exports to Britain and still gets 48.9 per cent of its imports from there.

Any sharp divergence between the two currencies in the short-term would cut export competitiveness or put up the import bill, depending which way the currencies move. The Irish trade balance especially as it habitually runs a balance of payments deficit. It was because of its balance of payments vulnerability that Ireland negotiated grants and loans from its EEC partners to ease the transition to EMS membership.

The grant element will be £70m this year and next and £45m for three years thereafter.

There was considerable surprise at the December 18 summit in Brussels that Ireland did not go for the 6 per cent band, given its wish to maintain a parity link. With Britain deciding not to join EMS this would have meant that Ireland had considerable room for staying in the EMS while maintaining parity.

Irish Government officials took into account the remark attributed to Mr. Callaghan at the time that Britain would mainain sterling within a 2¼ band of the central rate. The British Prime Minister turned out subsequently to have been misquoted. But the Irish Government said its "hope and expectation" was that sterling would stay within these limits, enabling the punt also to do so, and parity to be maintained.

Then sterling was on a downswing and the fear was that a plummeting pound would drag the punt out through the bottom of the EMS. Now with sterling rising, the worry is whether it will take the punt through the upper level. Then intervention to hold sterling down could become necessary.

Mr. Lynch has squashed this fear by saying that if the upper limit is breached the punt will cut free from sterling. Exchange controls on sterling movements through Dublin have been in place since last December 18. If the cut were made it would then be up to the Bank of England to decide whether it wanted to impose controls against capital movements of punts.

The Irish Government is hoping that sterling will not appreciate to the stage where a break will become necessary, at least until there is a general election in Britain, after which a new government might take Britain into the EMS. In the meantime, the central bank is allowing spot dealings on a one for one basis between the two pounds. There is no forward market allowed other than for bona fide trading purposes.

Airlift to Rwanda and Burundi

BY OUR PARIS STAFF

THE EEC is to airlift food and essential goods worth 3.5m units of account (£5.3m) to Rwanda and Burundi, whose normal supply-lines have been cut by the fighting in Uganda. Both countries are land-locked and depend for supplies on road and rail links through Uganda to the East African coast.

M. Jean François-Poncet, the French Foreign Minister, said the EEC Council of Ministers *had instructed the Commission* to charter planes to fly in essential supplies. M. François-Xavier Ortoli, Commissioner for Economic and Financial Affairs, is expected to make proposals for wider economic aid to alleviate hardship. The move to enlist Community help is believed to have been initiated by Belgium, the former colonial ruler of both states.

The Ministers reaffirmed disapproval of the election due to be held in Rhodesia next month and stressed continuing support for the Anglo-U.S. plan for a settlement. They urged the maintenance of economic sanctions against Rhodesia.

The meeting skirted Middle East issues, merely paying homage to President Carter's efforts towards an Israeli-Egyptian settlement.

The Council also rebuffed President Giscard d'Estaing's proposals for a Euro-Arab-African summit. The French President's plan to approach President Nimairi of Sudan, chairman of the Organisation of African Unity, was approved, but he was given no mandate for negotiation.

Consulting award

Guthrie International Plantation Services, a subsidiary of the Guthrie Corporation, has been appointed consulting engineers to the Ghana Government to assist in the construction of a £3.5m palm oil mill. The mill, which is being financed by the World Bank, is to be built by the Ghana Oil Palm Development Corporation at Kwae, 150 miles north of Accra.

Spanish municipal election campaign begins

BY ROBERT GRAHAM IN MADRID

SPAIN'S political parties, still digesting the results of the March 1 general election, have begun a new test of electoral strength. This week campaigning formally opened for municipal elections due on April 3.

This will be the first democratic municipal poll since 1933. That the municipal vote is being held in the shadow of the general election is just as Sr. Adolfo Suarez, the Premier, had hoped. He has frequently postponed holding them, fearing that the municipal result would show an electorally damaging swing towards the Socialists and Communists.

There are over 8,000 municipalities in Spain, the bulk run by mayors and councillors who are appointees of the late General Franco or of Sr. Suarez. Municipal life under Franco was given little attention, as a result of which municipal services throughout Spain are in a sorry state.

There is a strong groundswell of resentment against these local administrations, which are regarded as generally corrupt and inefficient — quite apart from their being non-elected. Sr. Suarez sought to prevent the opposition capitalising on this resentment by letting the general election come first and so remove some steam.

The relative general election success of the ruling Union de Centro Democratico (UCD) whose 167 seats out of 350 allowed it to form a minority government, has put the Socialists on the defensive. The main interest centres on whether Spaniards vote on national issues differently from purely local ones.

The UCD is attempting to fight a campaign emphasising its record as a party that knows how to govern. The Socialists and the Communists, on the other hand, are attacking concrete issues—corruption, roads, housing and the indebtedness of large municipalities.

The Socialists need a strong showing to recoup prestige lost by their static general election performance and allow them a margin of manoeuvre with the Communists. The Communists have been angling for a common front to fight the municipal elections, but this has been spurned by the Socialists.

The fate of the Right-wing Coalicion Democratica (CD) grouping, which made a poor showing in the general election, is uncertain. There are signs of CD candidates withdrawing or of seeking other colours.

One of CD's leading figures, Sr. Manuel Fraga, the head of Alianza Popular, has announced that he will withdraw from the coalition and sit independently in Parliament.

UCD is contesting 6,300 municipalities. The Socialists and Communists are concentrating their efforts—fighting contests only in places with over 10,000 inhabitants, and are fielding 3,300 and 1,600 mayoral candidates respectively.

A new alliance between the Spanish Workers Party and the Revolutionary Workers Organisation is fielding over 1,300 candidates.

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Swedish N-reactor plans jeopardised by geologists' report

BY WILLIAM DULLFORCE IN STOCKHOLM

GROUP of geologists has ·obably blocked the fuelling ' more nuclear reactors in veden, at least in the near :ture. Their action comes less an a week after the Swedish overnment had submitted to ırliament a new programme r the completion of 12 nuclear ıwer stations.

Seven out of eight geologists sterday rejected the power mpanies' claim that waste ıclear fuel could be safely ɔred deep in a Swedish rock rmation at Sternoe. The ghth said the rock formation ıs sound but not large enough.'

They had been commissioned examine the drillings underken by the power companies the Sternoe area to prove at radioactive waste encapsu:ted in glass could be stored rock at a depth of 500 metres. ıe geologists disapproved of e methods used, found the mber of drillings to be sufficient but did not exclude e possibility that other vedish rock formations could adequate for the storing of clear waste.

When the State Nuclear spectorate meets later this ɔnth to decide whether it ll authorise the fuelling of veden's seventh and eighth clear power stations, now ıdy for operation, the report ll be on the table.

The present situation is ked to the travails of the ee-party Coalition Government which broke apart last October over the nuclear issue. That Government had earlier pushed through Parliament an Act making the activation of further nuclear reactors dependent on the power companies being able to demonstrate that radioactive waste could be safely stored.

The former Prime Minister, Mr. Thorbjoern Faelldin, and his Centre Party, did not accept the power companies' report that rock storage was secure. In a compromise, it was agreed that the companies should drill further holes in the Sternoe area they had selected.

It was widely accepted that these extra drillings would support the companies' claims. Now, however, it has been rejected by the geologists. The implication of their report is that 100 or more holes would have to be drilled before a firm decision could be taken.

Mr. Faelldin said yesterday that the geologists had confirmed his suspicions. "I have been wondering how a few holes should be enough to find a safe storage space for this dangerous waste material, when much bigger efforts are needed to build an ordinary oil store in rock," he said.

Mr. Ola Ullsten, the Prime Minister, said he would wait for the decision of the State Nuclear Inspectorate Board. Other leading politicians also declined to comment on a matter which is likely to be a major issue in the September general election.

Finland move on liquidity

BY LANCE KEYWORTH IN HELSINKI

E BANK of Finland and the ıntry's deposit banks have eed on a cash reserve system ich can freeze up to FM 2.5bn 00m) of funds from the nestic money market in a cial account in the central k.

he agreement, which will ıain in force until further ice, enables the central bank order the deposit banks to a certain percentage of their osit inflow into this special ount, raising the proportion in steps as the situation requires up to a total of 5 per cent of the banks' deposit portfolio.

The frozen reserve will attract an interest that is ½ per cent units less than the basic interest rate. The aim is to enable the central bank to prevent the money market from becoming too liquid. The large current account surplus in 1978 and the appreciable import of foreign capital have eased the domestic financing market perceptibly in the past few months.

Ecevit resists pressure to devalue

By Metin Munir in Ankara

THE VEHEMENT opposition of Prime Minister Bulent Ecevit to the devaluation of the Turkish lira is an important obstacle to implementation of Western plans to salvage the Turkish economy, according to Western diplomats here.

The lira was devalued by 30 per cent a year ago, and its cross rates have been adjusted several times, but the disparity between its official and unofficial rates has grown enormously. Officially, the pound sterling fetches TL50. The Istanbul black market is selling at TL100.

Mr. Ecevit is reportedly planning to apply multiple rates to the lira—offering a higher exchange rate to expatriate workers and tourists—but he is refusing to devalue.

Politically, devaluation is one of the most difficult decisions for any Turkish government. The public is acutely sensitive to the changes in the parity of the lira, and considers devaluation a depreciation of national pride.

Having lost much of the prestige which brought him to power 14 months ago on a tidal wave of popular acclaim, Mr. Ecevit hopes to avert the blow his government may receive as a result of devaluation. He also faces a critical party convention in May and an even more important Senate election in October.

Mr. Ecevit believes, too, that devaluation would make no economic sense now, according to his aides. The economy, he considers is existing in an atmosphere of artificial scarcity resulting from the foreign currency famine of 1977. Industry is functioning at half its normal capacity because of the drop in imported capital goods and raw materials. There is no exportable surplus which a devaluation could activate.

He reasons that Turkey must improve industrial output before it considers devaluation.

Devaluation without any adequate reserves to back it up would make exports more expensive and increase inflation: already 70 per cent.

Mr. Ecevit himself blames the depreciation of the lira on rumours generated in Western capitals.

WEST GERMAN AID POLICIES

Issues confused by rivalries in Bonn

BY ROGER BOYES, RECENTLY IN BONN

MR. ROBERT McNAMARA, President of the World Bank, trod a delicate path between criticism and approval of West German aid policies during his visit to Bonn last week. West Germany, he said, was an important and active participant in multi-lateral aid projects, and relations between Bonn and the World Bank were good. But he made it clear that he considered West Germany's official aid programme to be far too low.

West Germany certainly seems to have a case to answer. In 1977, its official aid programme fell to 0.27 per cent of gross national product (gnp) from 0.31 per cent the previous year. According to aid officials, the 1978 figure looks like being only marginally better. This is so despite Bonn's publicly declared approval of the internationally agreed target of 0.7 per cent of gnp—a level which already has been attained by a number of countries.

Although Mr. McNamara studiously avoided direct criticism during his visit ("I'm just talking facts, that's all"), Bonn has come under considerable fire from aid authorities, its West European neighbours, Third World countries and domestic pressure groups.

A Dutch delegate at a meeting of the Organisation for Economic Co-operation and Development (OECD), for instance, recently claimed that it was hard for him to justify high aid expenditure to Holland's electorate, when economically-strong countries like West Germany, Japan and the U.S. lagged behind. Holland, like Norway and Sweden has reached the 0.7 per cent level and the average contribution from OECD countries hovers around the 0.35 per cent mark —still well above the West German aid allocation.

West German politicians fend off domestic critics by raising the spectre of financial discomfort. Herr Hans Matthoefer, the Finance Minister, underlined the point earlier this month. "If you want to allocate 0.7 per cent of the GNP to official development aid," he told a Frankfurt audience, "it is the German people who have to pay for it, through DM 10bn (£2.65bn) worth of extra taxes." The message hit home and, as aid officials hinted last week, it cannot have made the job of the German Development Aid Ministry any easier.

Bonn adopts two major lines of defence towards foreign criticism. In the first place, it stresses its contribution to multilateral aid projects. It is likely, for instance, that Bonn will agree to increase its capital allocation to the World Bank and the International Development Association (IDA). Mr. McNamara is currently seeking to double the Bank's capital base from $40bn to $80bn. Germany, as one of the principal members of the Bank, approves and is likely to step up its share, although the exact figure has not yet been agreed.

Similarly, the IDA fund which finances 50-year, interest-free credits to the least developed countries also needs to be topped up with fresh capital and Bonn, again, is willing to do so.

Germany has also contributed to United Nations and EEC aid schemes, as well as regional development banks. These contributions are an important part of Bonn's overall official aid efforts, especially as it is increasingly being asked to pay more because of the reluctance of the U.S. to act as the West's principal aid donor.

Bonn's second line of defence was demonstrated by a recent Bundesbank study which seemed to kill, or at least wound, two birds with one stone. The study analysed West Germany's balance of payments with less developed countries (LDCs). It served simultaneously to dull some of the criticism of Bonn's hefty current accounts surplus and to demonstrate that its assistance to LDCs does not end with the official aid programme.

The study showed that Bonn has run a current account deficit with non-oil producing LDCs between 1975 and 1977 and had also been a net exporter of capital to them. "At the beginning of the 1970s," the study says, "roughly DM 2bn gross of short or long-term capital had flowed each year from Germany to developing countries, but between 1974 and 1976 this transfer of funds expanded to DM 7-8bn annually."

Thus a $1.4bn current account surplus with non-oil producing LDCs (excluding those European countries classified as developing) in 1974 became a $1.7bn deficit in 1977.

Nearly all of the turnaround occurred because of changes in visible trade—exports barely increased while imports from the Third World rose by 51 per cent. The Bundesbank argues that the combination of private payments and the official aid programme during the period 1974-77 averages out at a respectable 1.1 per cent of GNP.

Critics, both in West Germany and overseas, believe that this is misleading. The large volume of imports simply reflects West Germany's dependence on raw materials—it is the third largest consumer in the world—and has nothing to do with altruism. The acid test of a country's willingness to help the Third World, it is claimed, must be the official programme which can stay relatively immune from the shifts in the business climate.

The large share of private sector investment in the country's overall aid effort has led to an element of discrimination against the least developed countries of the Third World. Countries like Upper Volta and Mali rarely attract significant amounts of private investment —but Germany has not hiked the official aid allocations to compensate for this.

Left-wing critics in Germany believe that a political ideology underpins this tendency, arguing that a stable investment climate—one of the primary conditions for the granting of aid—is too often equated with the "stable" political situation in repressive regimes.

The German authorities deny political motives in the selection of potential aid recipients but there are clearly exceptions. Concern over Turkey's position in the Western alliance, for instance, has prompted Germany to play a leading role in organising an emergency aid package.

Sometimes, too, the economic rationale of aid leads to serious and unforeseen political repercussions. The raising of aid to Somalia (after the Mogadishu raid) at a critical period in Ethiopian/Somali relations resulted an a deterioration of relations with Addis Ababa where other German aid projects were underway.

This apparent confusion between the economic and political aims of foreign aid, and the small size of the official aid budget itself, seems to stem from administrative and political rivalries in Bonn. For example, only days after Herr Matthoefer had warned about the domestic costs of raising the aid level, Herr Rainer Offergeld, the Development Aid Minister, reaffirmed Bonn's pledge eventually to meet the 0.7 per cent target. Herr Offergeld made it clear that "financial-political factors" were the restraining force.

The Development Aid Ministry (officially known as the Ministry for Economic Co-operation) from its inception has been something of a political football. Dr. Konrad Adenauer, West Germany's first Chancellor, cobbled it together from bits of the Foreign and Economics Ministries to create a portfolio for an extra minister in his last Cabinet. Herr Ludwig Erhard, the then Economics Minister, insisted, however, that the new ministry should not have final control over capital aid. This division of responsibility has survived until the present day and clearly has led to conflicts of interest and the whittling away of the aid budget.

The principal stimulus for the reinforcement of the development Aid Ministry appears to be the United Nations Conference on Trade and Development (UNCTAD) meeting which opens in Manila in May. Preparatory talks for the meeting began in Geneva this week. The UNCTAD meeting will discuss the "common fund" scheme to stabilise commodity prices but Third World countries are also expected to complain about the German, U.S. and Japanese aid programmes.

Bonn seems to be anxious to avoid the aid issue, deflecting attention from the central question of how to secure future raw material supplies.

Chancellor Schmidt's clean sweep in the Aid Ministry seems to be a recognition that the aid issue and raw material prices are linked.

European MPs protest at large-scale staff increases

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT, IN STRASBOURG

THE PROPOSAL that the European Parliament should increase its own 1979 budget by a further £19.7m, mainly to pay for staff increases in preparation for the directly elected Parliament, came in for strong criticism in Strasbourg yesterday.

It would add 107 permanent and two temporary posts to the parliamentary Secretariat. In addition, there would be 188 blocked posts which the larger directly-elected Parliament could fill after June.

Mr. Tam Dalyell, Labour MP for West Lothian, pointed out that there had already been staff increases in June and October last year. The current proposals would mean that 500 new posts had been created in the past 12 months, an increase of one-third.

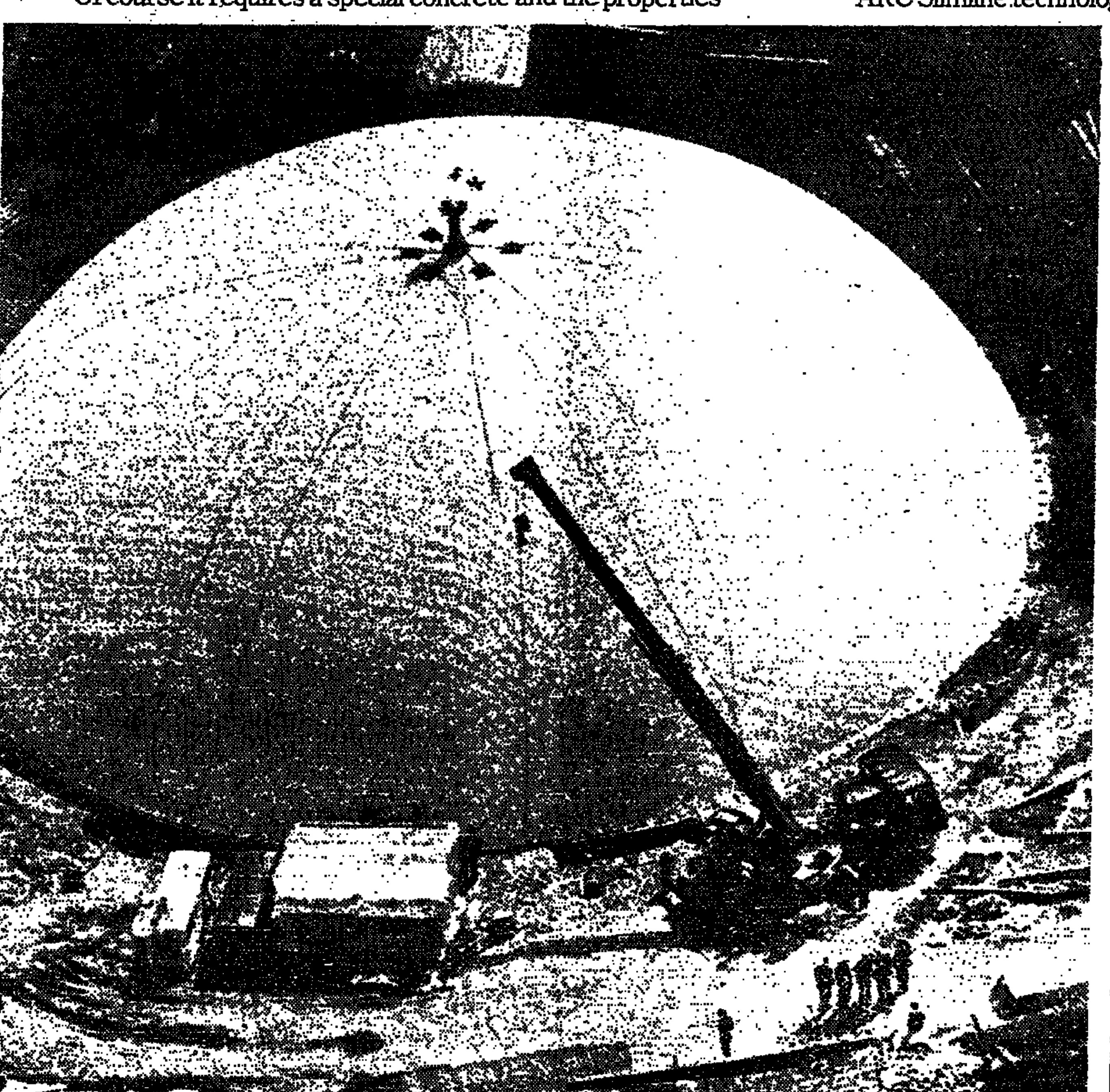
He was particularly critical of the proposal to appoint three extra deputy directors-general for committees, general services and administration.

"This is more or less to advance the careers of certain individuals, rather than to meet functional needs," he said. "This is exactly the sort of thing we criticise the Commission for doing."

Lord Bruce of Donington, Labour, thought that the Bureau of the Parliament, which is responsible for administration, had persuaded the budget committee to accept staffing decisions which had already been made.

A more cautious line was taken by Mr. Michael Shaw, Conservative MP for Scarborough. Nevertheless, he was concerned that the directly-elected Parliament might decide to fill all the blocked posts and "create a vast empire."

Earlier, Sig. Emilio Colombo, former Christian Democrat Prime Minister of Italy, was re-elected as president of the Parliament. Among those re-elected as vice-presidents were Mr. James Scott-Hopkins, Conservative MP for Derby West, and Sir Geoffrey de Freitas, Labour MP for Kettering, both of whom are standing for the directly-elected Parliament. The president and vice-presidents will serve until direct elections take place.



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Vietnam builds up border forces

BY RICHARD NATIONS IN BANGKOK

VIETNAM IS heavily reinforcing its northern border in the wake of the continuing slow and meticulous Chinese withdrawal.

About half the 20,000 main-force units which began moving north several days ago on Vietnam's overtaxed transport systems have come from Cambodia, analysts here say. The remainder are being redeployed from the South.

The Chinese are continuing to move large numbers of men and material back towards the Chinese border while leap-frogging forward units from the front line.

No signs exist that the Vietnamese forces have seriously challenged the Chinese withdrawal, which Hanoi complained recently is taking too long. But both sides are continuing long-range artillery exchanges and sporadic fire along the line of retreat.

Hanoi is preparing for a prolonged military confrontation with China, the analysts believe. The Vietnamese, it is thought, expect Chinese forces to occupy small but strategic strips of border terrain, which, Peking claims, are in dispute.

Redeployment has only marginally reduced the Vietnamese military presence estimated at nearly 20 divisions, in Cambodia. Other units, which have spent a long time in the front line in Western Cambodia, are being rotated. Forces loyal to Pol Pot, the former Khmer Rouge premier, have taken advantage of this turn-over to launch persistent raids and attacks in Battambang and Siem Reap provinces.

Former South Vietnamese soldiers who have served up to three years in re-education camps under the new Vietnamese régime are being sent to work in Cambodia, military analysts say.

No evidence is seen that China is massing an invasion force along its common border with Laos, as Hanoi, Moscow and Vientiane have claimed.

Diplomats here suspect the allegations may be intended to reinforce the Vietnamese charge that China is trying to conquer and dominate all of Indo-China.

Japan maintains assistance to Hanoi

By Richard Hanson in Tokyo

THE FLOW of Japanese economic aid to Vietnam has continued despite its actions in Cambodia and it appears the pledges made for the next fiscal year from April 1 will also be carried out, according to the Foreign Ministry.

When the Vietnamese took part in the overthrow of the Pol Pot government in Phnom Penh at the end of 1978 and early 1979, statements by Japanese officials were widely interpreted as implying a possible freeze on economic aid. This was not the case, and Foreign Ministry spokesmen note now that they never officially said there would be a freeze on the credits and grants promised when Mr. Nguyen Duy Trinh, Vietnamese Vice-Premier, visited Japan last year.

The aid promised by Japan for the next fiscal year includes Y10bn in credits, Y4bn in grants and a loan of 150,000 tons of rice. For the present year, Y14bn in aid has been disbursed or is in the process of being disbursed.

The Japanese government has been able to do relatively little in response to both the Vietnamese invasion of Cambodia or the Chinese invasion of Vietnam.

It is likely that any role that Japan could play in mediating in the disputes in Indochina will go no further than the statements already made to both sides urging an end to the fighting, immediate withdrawal on both fronts and a warning that third parties, i.e. the Soviets, not intervene.

Kosygin presses Desai to support Asia policy

BY K. K. SHARMA IN NEW DELHI

Mr. Alexei Kosygin, the Soviet Prime Minister, cut short his tour of Soviet-aided projects to return to New Delhi a day earlier for an additional round of talks with Mr. Morarji Desai, the Indian Prime Minister, yesterday. He is trying to secure the support of the Indian Government for the Soviet view of events in south-east Asia.

Another round of talks will be held today before a joint statement is issued. But it was learned that Mr. Kosygin is finding the going heavy in persuading India to back the Soviet line. Mr. Desai is unwilling in particular to recognise the new regime in Cambodia unless Vietnam gives an assurance that its troops will withdraw from that country soon.

Mr. Kosygin has been openly attacking China since his arrival here last Friday but his Indian hosts have conspicuously avoided association with such outright condemnation. This is partly because the Indian government feels that expression of such hostility does not help in realising whatever common objectives Moscow and New Delhi may have—in this case withdrawal of Chinese troops—but also because Delhi does not want to antagonise China totally.

Mr. Desai has, during his talks with Mr. Kosygin, demonstrated his independence of views and to that extent has tried to show that notwithstanding the friendship treaty with Russia, India is making its own judgments. There are major differences not only on south-east Asia but also on the nuclear non-proliferation treaty which India refuses to sign on the grounds that it is discriminatory.

This apart, the Soviet-Indian talks have gone well and there has been agreement on most other issues. The Russian view of China had been noted.

An agreement on supply of 600,000 tonnes of Soviet crude to India in exchange for an equivalent value of Indian rice was signed yesterday. The amount of rice has not been specified but it is known that Russia has demanded payment on the basis that its crude will be priced at OPEC rates.

The agreement on long-term economic co-operation, which is the main purpose of Mr. Kosygin's current visit, is to be signed today. This is much wider in scope than thought originally and is said to cover a range of economic activities in both countries.

China's bankers ordered to obey economic laws

BY DAVID DODWELL

CHINA'S DOMESTIC bankers, once the epitome of bourgeois capitalism, have been "rehabilitated" at a national conference which at the same time proposed sweeping reforms in the banking system.

Branch managers of the People's Bank of China, who met recently in Peking, were told that future policies, particularly loan policies, should be in strict accordance with economic rather than political laws.

Bankers were told that they could reintroduce variable interest rates at their own discretion, and should lend to industry only where it was well-organised, well-managed and credit-worthy.

"Only in this way can enterprise make every cent count, spend wisely and economically, and put their overstocked materials to good use," the conference report said, according to the New China News Agency.

Until the return to power of Deng Xiaoping, China's banking system was under strict political control. Enterprises won loans because of their ideological correctness rather than their economic rectitude. But China's bankers, who will "experimentally" be given official titles again have now been instructed to resist resolutely any political pressures put on them. They will be seen as economists *specialising in the credit* business and their decisions will be respected as such.

The conference studied plans to increase interest paid on savings, a move aimed at attracting more funds for China's "socialist modernisation."

It also considered plans to reopen the Agriculture Bank of China, a major source of funds for the country's communes. It has been reported recently that some communes are in serious financial difficulties, with huge debts and little prospect of repaying loans raised in the recent past.

Some communes were criticised for borrowing much more than they were capable of repaying. If the Agriculture Bank is reopened, a major task will be to sort out these problems, and tighten up procedures *for lending to communes.*

Dearer Chinese oil

China plans to raise its crude oil prices by an estimated 5 per cent for the April-June period, the newspaper Yomiuri said yesterday, AP reports from Tokyo.

Iran budgets on monthly basis pending inquiries

BY ANTHONY McDERMOTT IN TEHRAN

THE IRANIAN Budget for 1979-80 is to be drawn up initially on a monthly basis until an extensive review of defence and development projects has been completed, Mr. Ali Akbar Moinfar, Minister of State for *Planning and Budget Organisation*, announced. The fiscal year starts next Wednesday.

Planning for the coming fiscal year is taking place against a background of prolonged political and economic confusion. This has meant, for example, that the National Iranian Oil Company and the Government of Dr. Mehdi Bazargan have yet to establish long-term levels of oil production and income.

Oil income in 1978-79 was to have totalled $20.7bn, but could be $5bn less. NIOC announced *yesterday* that oil production had reached 2.5m barrels a day of which about 700,000 b/d goes to domestic requirements. Last year's production averaged an estimated 5.2m b/d.

Expenditure for the 12 months is to be based on the total expenditure of the 1978-79 Budget. That amounted to $52.4bn so that until circumstances change, monthly expenditure will be $4.4bn.

Because of the time lag in oil payments it is likely that the *Government* will be operating initially at a considerable deficit. The last oil payments in early March and February, were well down and those in January were only half the normal level. It is likely too that the balance of payments deficit calculated last July by the Central Bank at $0.9bn for 1978-79 may have risen to $3bn.

Mr. Moinfar said that studies would concentrate on two areas in particular. The armed forces and defence expenditure would be radically reorganised. In 1978-79 it totalled $9.9bn or a visible 19 per cent of the Budget. This was an increase of one quarter over the year before.

A large proportion of military contracts have either been cut back or are subject to review. Mr. Moinfar said that some of the large-scale military housing projects which surround Tehran would be reallocated for schools and civilian housing.

The development plan for the years 1978-83, of which details have never been made public, is *being extensively studied* with a view to pruning the more grandiose projects, mainly capital intensive schemes in atomic energy, defence, steel production and communications.

Mr. Moinfar said that construction of low-cost housing for lower income groups would be a priority. The Ministry of Housing and Development has announced plans to build 200,000 units, 40,000 in the capital, before the end of the 1979-80 year.

This amounts to less than half the annual plans of the Shah's régime which *regularly built* only about 50,000 units a year.

The activities of Government companies, 80 per cent of which are running at a loss, according to Mr. Moinfar, are also to be reviewed.

Purge moves into higher gear

BY ANDREW WHITLEY IN TEHRAN

THE PURGE of senior members of the Shah's régime moved into higher gear yesterday with the first batch of executions on mainly political as against pseudo-judicial grounds.

Eleven men were executed here, and one in the provinces, bringing the total of "political deaths" in the past month to 42. Sixteen others have been executed for moral infringements.

Control over the arrests and executions is out of the hands of Dr. Mehdi Bazargan's Government but official spokesmen are reacting increasingly defensively to domestic and international criticism.

On Monday, the International Commission of Jurists issued its second warning to Iran within a fortnight.

Long a scourge of legal abuses under the Shah, the commission protested strongly at the way the executions are being carried out. Iranian human rights groups have also begun making private representations.

The 11 executed in Tehran *included five members of the* security forces. Also among them were two senior newsmen—one of whom had been the chief ideologue of Rastakhiz, the Shah's single party.

Another was the only religious figure in the old Parliament, Gholamhossein Daneshi, who had vocally supported *the Shah* to the end.

The executions have clearly moved away from only affecting those who committed visible "crimes" during the opposition movement—SAVAK officials, martial law administrators, senior military men—to include the settling of old political scores.

Also yesterday, Mr. Amir Entezam, a deputy Prime Minister and Government spokesman, lengthily justified the execution of Mr. Mahmoud Ja'farian, former head of the Government news agency. He described Mr. Ja'afarian and others as "political criminals, traitors to the nation, and elements corrupting the earth."

These latest deaths have brought new fear to a large section of Tehran's wealthy middle class, already concerned at nightly arrests and a ban on foreign travel.

The Government yesterday took its first serious steps *towards halting* the executions. Gen. Ahmed Madani, the Defence Minister, who is considered a liberal, said the Government had asked the Ayatollah Khomeini to declare a general amnesty for all remaining followers of the Shah.

Under the old regime, many people had shouted pro-Shah slogans, or had helped the Government, he added. These people should be pardoned. The exceptions were those who had committed mass killings and murder, or had misappropriated national funds.

U.S. Yemen aid reassures Saudis

BY DAVID BUCHAN IN WASHINGTON

THE SWIFT U.S. military response to the fighting in Yemen has reassured Saudi Arabia that the U.S. is still able and willing to back its Arab friends, officials here believe. It has also helped stem the advance of South Yemeni forces into North Yemen.

Troops of the Russian and Cuban-supported South Yemeni Government still occupy a sizeable area of North Yemen. But State Department officials have said that fighting has eased.

This is partly because the better-equipped but smaller South Yemeni forces have for the moment reached a military stalemate with North Yemen, and because Arab League mediators have to some extent constrained both sides.

The U.S. would shortly send about 70 military instructors to North Yemen to train its forces in the use of the large amount of U.S. weapons already there or on their way, the Defence Department disclosed.

The unexpectedly strong U.S. reaction to the Yemeni conflict has met with criticism from the Saudi Press and the U.S. Congress. This response has included despatch of the aircraft carrier Constellation to the Arabian sea and of two large U.S. air force radar planes to Saudi Arabia, which supports North Yemen.

But the State Department insist that every move, except despatch of the Constellation, was taken with Saudi approval, and that it has received no official Saudi complaint.

Department officials understand, however, that Saudi Arabia may, for reasons of public relations with the rest of the Arab world, want to distance itself slightly from the U.S.

Department officials reject Monday's criticism by representative Les Aspin that if the Carter Administration want to show it can still get tough in support of its remaining friends in the Middle East; Yemen is the wrong conflict to choose.

The Department says that up *to 1,000 Russian advisers are in* South Yemen, as are nearly as many Cubans, and about half of these are directly involved in the direction of South Yemeni military operations.

Ghana's banks re-open with new currency

By Our Foreign Staff

BANKS IN Ghana re-opened yesterday to exchange old Cedi currency notes for new ones in a move officially said to be designed to cut off illegal currency holdings outside the country and to strengthen the Cedi by reducing excess liquidity.

Under an order issued by the Ghanaian Central Bank, all banks were closed on Monday and reopened from yesterday until March 26 to exchange old bank notes for new ones. All land, sea and air approaches to the country were reported to have been closed for the change-over period.

Reports reaching London said that for bank notes outside the banking system, holdings of up to Cedis 5,000 would be exchanged at a value of new Cedis 7 for old Cedis 10. Amounts in excess of Cedis 5,000 would be valued at new Cedis 5 for old Cedis 10.

Israelis buzz Beirut as Carter completes mission

BY IHSAN HIJAZI IN BEIRUT

ISRAELI FIGHTER planes yesterday criss-crossed Lebanese skies as Palestinian guerrillas reported that their positions in and around the town of Nabatiyeh in Southern Lebanon were shelled heavily by Israeli artillery.

Three jets swooped over Beirut and flew northward drawing ground fire from Palestinian and Syrian positions. Other fighter planes crashed the sound barrier causing sonic booms over south Lebanese cities.

The exercise was regarded as a show of force at the end of President Carter's Middle East mission. Palestinians said Israel may be preparing for action against Southern Lebanon.

Many believe the Israelis have yet to retaliate to the unsuccessful attempt by the guerrillas to carry out an operation in the Jordan Valley. Four guerrillas were killed by an Israeli patrol in the valley on the day President Carter arived in Jerusalem last weekend.

The Israeli air activity here has added to the worries of Lebanese officials who are trying to head off the danger of a security breakdown after Saudi Arabia withdraws its troops from the Arab League deterrent force.

The Saudi decision was originally taken two weeks ago but the actual withdrawal was suspended for a while to give President Elias Sarkis and his Government time to find substitute forces.

Yesterday the commander of the 1,200-man Saudi battalion received orders from Riyadh to pull out not later than tomorrow morning.

The Christian militias were reported to have been alerted to take over the Saudi positions if substitute forces are not secured.

It is thought that army units may move into Saudi positions by today to head off the occupation of these positions by Christian militias.

Economic stimulus in S. Africa

BY QUENTIN PEEL IN JOHANNESBURG

THE DECISION by the South African Reserve Bank to raise commercial banks' credit ceilings and reduce its liquid asset requirements is seen here as a clear indicator of an expansionary budget due at the end of the month. The move means that between R250m to R350m (U.S.$295m to U.S.$413m) will be available in the form of expanded bank credit.

In spite of the gradual revival in the South African economy over the past year, bankers say that business demand for bank credit for new fixed investment remains slack. While some of the larger banks have had trouble keeping within their credit ceilings, other institutions have kept well below them. Many businesses are still operating at a fraction of their utilisation capacity.

Real disposable incomes have stagnated for the past two years, and last year's 3.5 per cent increase in consumer spending came largely from savings, which cannot long be sustained.

Thus in spite of the commitment by Senator Owen Horwood, the Minister of Finance, to a conservative fiscal and monetary policy, observers are now virtually unanimous that the budget will have to provide appreciable stimulation to economic activity, probably in the form of cuts in direct taxation and relief from the existing loan levy.

The impact of the Iranian crisis, with its particular effects on the South African economy because of its traditional reliance on Iranian crude, has forced many economists to reassess their predictions for the coming year. In particular, the 30 per cent increase in the price of petrol and other petroleum products could seriously dampen growth prospects, which most observers previously put at 3.5 per cent to 4 per cent for 1979.

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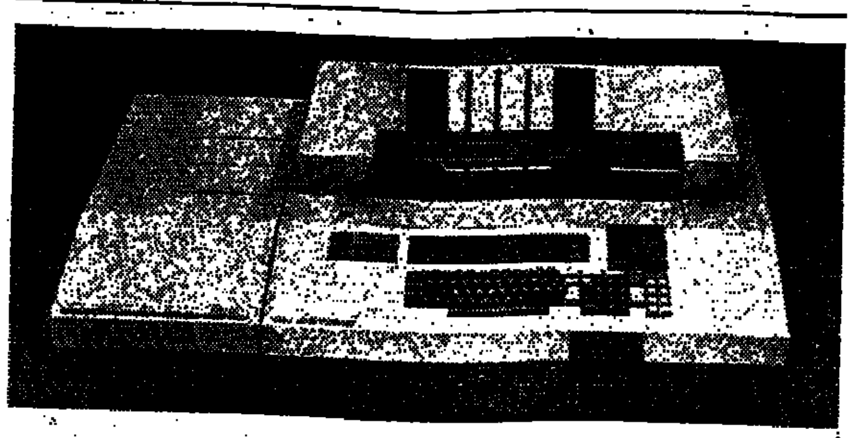

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OUR BUSINESS IS BUSINESS

Grenada coup ousts Gairy

BY TONY COZIER IN BRIDGETOWN

THE GRENADA Government of Prime Minister Sir Eric Gairy was overthrown yesterday by a group calling itself the New Revolutionary Government and headed by Mr. Maurice Bishop, a 34-year-old lawyer.

Mr. Bishop, leader of the opposition New Jewel Movement, said the coup was bloodless and took only a few hours. The revolutionary forces, whose strength and source of arms he did not disclose, had overrun the barracks of the Grenada Defence Force and police and burned them to the ground, and taken over the radio station within half an hour.

Apparently tipped off, Sir Eric flew to New York on Monday and is expected to try to whip up international support there. Mr. Bishop, however, indicated that he would seek Sir Eric's extradition and warned against any international interference.

"The criminal dictator Eric Gairy, apparently sensing that the end was near, yesterday fled the country, leaving orders for all opposition forces, especially the people's leaders, to be massacred." Mr. Bishop, considered a left-wing moderate in the Caribbean, said in his first radio broadcast as New Government leader.

Mr. Bishop, whose father was killed by police during a political disturbance in the Grenada capital in 1973, said that if Sir Eric was extradited, he would be put on trial to face charges including murder, fraud and the "trampling of the democratic rights of the people."

The new Prime Minister declared that foreign residents were quite safe and welcome to remain in the island-state which became independent after 200 years of British rule in 1974.

"All democratic freedoms" would be restored and "personal safety and the property of individuals would be protected," he declared.

An unidentified "Commander of the Revolutionary Forces" said in a broadcast over the Government-controlled station, now calling itself Radio Free Grenada, that there had been no resistance to the revolution.

He called on police stations throughout the 133 square-mile island and its two small dependencies of Carriacou and Petit Martinique to raise white flags as "a symbol of surrender—or the revolutionary forces will take action against you."

Sir Eric Gairy—out of the country when coup took place.

Mr. Bishop said that several former Cabinet Ministers had been arrested. Senior police officers and about 100 policemen had been placed in "protective custody."

The New Jewel Movement, comprising mostly young Left-wing lawyers and intellectuals, was formed seven years ago and quickly won widespread public support to challenge Sir Eric's Grenada United Labour Party, which had been in power since 1967.

The policies of Mr. Bishop's new Government are likely to reflect the Left-wing stance of its members. Mr. Bishop and several of his associates have identified strongly with Third World causes and have expressed admiration for the Cuban revolution.

But for the moment they will be more concerned with reviving an economy based on tourism and the export of bananas and citrus. The realities of managing the affairs of such a small, impoverished island-state will probably override ideological dogmatism in the immediate future.

By 1974, Sir Eric had led Grenada to full independence from Britain. Since then, his popularity, and that of his Government, has waned noticeably. Internationally, he has been viewed as something of a comic character.

AFL-CIO launches bid to halt pay, price policy

BY JOHN WYLES IN NEW YORK

THE AMERICAN Federation of Labour-Congress of Industrial Organisations yesterday launched its bid to maim President Carter's pay and prices policy by seeking a court ruling outlawing the use of Government sanctions against companies which breach the voluntary guidelines.

The AFL-CIO and nine of its affiliated unions filed a suit in a Washington district court seeking a ruling that the withdrawal of Government contracts from recalcitrant companies is illegal, and an injunction to prevent federal procurement officers from implementing the policy. The notion of sanctions was borrowed directly from the approach adopted by the British Government which was voted down by the House of Commons last Novem-

Announcing the suit yesterday Mr. George Menay, president of the AFL-CIO, repeated his arguments that the policy was unfair to working people, biased in favour of pay restraint rather than moderating prices and illegal because the existence of sanctions made it mandatory. Congress specifically vetoed mandatory controls in 1974 legislation setting up the Council on Wage and Price Stability which is responsible for running the wage price programme.

However, the Justice Department reportedly advised the White House that the use of government contracts to encourage compliance with the guidelines was permissible under government procurement statutes and would not violate the 1974 legislation.

Federal mediators step into crucial truck talks

BY OUR NEW YORK STAFF

OFFICIALS OF THE Federal Mediation Service yesterday made a predictable entrance into the crucial trucking industry pay talks as the employers and Teamsters Union started to confront the key issue of compliance with the Carter Administration's voluntary pay guidelines.

Mr. Wayne Horvitz, director of the service, called the two sides together for talks yesterday afternoon in Florida to mark the start of an exercise fraught with dangers

The trucking industry would like to settle within the guidelines allowing average pay and benefits increases of 7 per cent a year, but is reluctant to take a stand which would risk a national strike. The Teamsters have set their sights on a guidelines-busting deal and would like the policy rewritten to make this possible, while the Federal mediators are under some covert Government pressure to encourage a settlement within the guidelines. But they dare not sacrifice their traditional independence

The present three year contract covering 300,000 truck drivers expires on March 31 but at the moment the Teamsters are keeping everyone guessing about the possibility of a strike if there is no agreement by the deadline. By yesterday the odds appeared tilted towards deadlock since the union seems to have deliberately pitched its demands well above anything allowed by the guidelines.

Estimates of what the union's claim for pay and benefits increases would cost vary from 35 per cent to 55 per cent. The claim was formally spelled out for the first time last week and was turned down by the employers on Monday.

U.S. running 'at near maximum'

By David Buchan in Washington

THE U.S. economy was operating at near maximum capacity in the second half of last year, with excessive demand pushing prices up, according to a confidential International Monetary Fund staff report on the world economic outlook.

The report was sent to Finance Ministers at the Fund's interim committee meeting here last week.

The implication of the IMF study, which on some points is critical of the Carter Administration's economic policy-making, is that the Administration's pay and price guidelines are less pertinent to curbing inflation than fiscal and monetary restraint, to reduce demand in an economy in danger of overheating.

The report claimed that the present U.S. unemployment rate—which was 5.7 per cent in February, and actually falling slightly over the last three months—corresponds to full employment, because there is very little extra output potential in U.S. industry, fund officials confirmed.

The report saw signs of optimism this year in some areas of the economy and agreed with the Carter Administration's prediction that the U.S. current account deficit should fall sharply in 1979. But inflation was still very worrying, the study added.

Sao Paulo's metal-workers out on strike

By Rik Turner in Sao Paulo

MORE THAN 200,000 metal workers in Greater Sao Paulo's major industrial zone, the ABC, have gone on strike rather than accept proposed wage rises of 63 per cent and 57 per cent (depending on wage earned on April 1, 1978) made by the Sao Paulo Employers' Federation (FIESP), during seven hours of negotiations on Monday.

The unions in Santo Andre, Sao Bernardo and Sao Caetano, from which the ABC takes its name, decided to go on strike from midnight on Monday, while 29 other unions from the interior of Sao Paulo State accepted the proposals and signed an agreement to the effect.

Work slows on Japan-Iran joint chemicals venture

BY RICHARD C. HANSON IN TOKYO

CONFLICTS OF authority in Iran between the official Government and the committees under the control of the Ayatollah Khomeini apparently threatens to hold up work on the multi-billion dollar joint Japan-Iran petrochemical plant in Bandar Shahpur.

The Japanese side of the joint venture, led by Mitsui has been unable to obtain working permit visas for employees needed to continue construction on the project which is 85 per cent complete.

The Khomeini committees have made it difficult for decisions to be made by the national petrochemical company, the Iranian partner in the venture.

Work is continuing very slowly. At present there are 450 Japanese workers at the project site compared with 3,500 at its peak. All 1,500 South Korean workers have returned home. Until roadblocks are cleared, work will be kept to a minimum.

The president of one Japanese partner company, Iran Chemical Development, Mr. Toshikuni Yahiro, is now in Iran and has asked his Iranian counterparts to resolve the problems blocking progress.

India renews liberal import plan

BY K. K. SHARMA IN NEW DELHI

INDIA'S LIBERALISED import policy announced last April is to continue for at least one more year although the annual announcement of the policy will be delayed by a month and be made now in May, according to the Commerce Minister, Mr. Mohan Dharia.

The main liberalisation was in the import of 14 categories of capital goods and this was intended to fill gaps in the economy—for example in power generation—as well as allow industries to modernise.

The experiment is considered by the Commerce Ministry to have worked well, although some Indian manufacturers of capital goods grumble at the competition from abroad. The liberal imports helped to step up the import bill by an estimated 22 per cent over the previous year, and taken with falling exports, is expected to lead to the financial year 1978-79 ending with a trade deficit of more than Rs 10bn (£650m).

This is not considered to be serious mainly because it is a planned trade gap and because the fall in exports is caused by factors such as the drop in the value of the dollar, falling world prices of commodities like tea and coffee and the deliberate policy of the government not to permit exports of items of which there might be a domestic shortage.

China team visits Malaysia

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA IS to press China to take more Malaysian goods during the current visit of Mr. Li Chiang, the Chinese External Trade Minister.

Mr. Li, who is leading a seven-*man trade team* to Thailand, Malaysia and Singapore, arrived in Kuala Lumpur yesterday for a six-day visit.

Trade between the two countries has been $300m (£150m) during the past two years, with a two-to-one balance favouring China.

Malaysia is particularly keen for China to take more rubber and palm oil. The Chinese currently buy palm oil for making soap, and there is a potentially vast market if the Chinese could be convinced to use palm oil for cooking.

AP-DJ adds from Kuala Lumpur: Malaysian Deputy Prime Minister Mahathir Oohamad will lead an investment promotion mission comprising senior government officials and private sector representatives to Europe from April 15 to 29.

The mission will visit London and Manchester, Munich and Milan.

Britain remains 3rd biggest NZ supplier

BY DAI HAYWARD IN WELLINGTON

BRITISH EXPORTS to New Zealand last year were almost NZ$600m (£319m), making the UK the third biggest supplier to New Zealand, after the U.S. with NZ$852m and Australia with NZ$655.7m.

However invisible and other earnings boosted UK earnings from New Zealand to NZ$1,320m. Only the U.S., with NZ$1,380m earned more from New Zealand.

Britain had a favourable balance on invisible transactions of shipping freight rates, insurance and other payments of NZ$254.5m.

The UK supplied 20 per cent of New Zealand's total imports during 1978 and is New Zealand's major export market buying NZ750m of mainly agricultural products last year. Of this NZ$306m was for meat — mostly lamb — and NZ$212.9m for butter.

The vital importance of the British butter market to the New Zealand dairy industry is shown by the fact that total New Zealand butter exports were worth NZ$241m—of which NZ$212m came from sales to Britain.

Meat remains New Zealand's major export commodity earning NZ$977m in 1978.

EEC again urges Japan to buy more manufactures

BY MARGARET VAN HATTEM IN PARIS

C HEADS of Government, rried by the sharp rise in an's trade surplus with the nmunity, yesterday urged t the Japanese market be ned to imports of manufac- ed goods from the EEC.

ver the past five years an has, on average, exported per cent more to the EEC n it has imported from it. r this period its trade sur- s has risen from 1bn units of ount ($1.3bn) to 5bn units account ($6.3bn). In 1970, surplus was a bare 0.2bn units of account ($0.3bn).

"Trade relations between Japan and the Community continue to be seriously out of balance, to the detriment of the latter," the Government leaders said in their final communique after their two-day summit.

They laid stress on current talks with the Japanese Government on bilateral trading relations, which they hoped would help open up the Japanese market to EEC goods.

Over the past three years, the Commission has become increasingly disturbed by the growth of Japanese exports, which is concentrated in a fairly narrow range of labour-intensive sectors. In view of the present recession in European steel-related industries, such as ship-building, ball-bearings, and electronic goods, together with high unemployment (6m unemployed in the EEC), the Commission has consistently called for corrective measures.

But it has always insisted that these should involve less protectionism on the part of the Japanese rather than increased EEC curbs on Japanese imports.

Poland to boost coal output

BY JOHN LLOYD

TURE PRODUCTION levels n Poland's coal mines appear have been revised upwards, move which will increase orts of Polish coal and make eement on a subsidy for coal duced within the European nmunity more difficult.

ast year, the International rgy Agency estimated that duction of hard coal in and would reach a level of m tonnes a year by 1980, and t exports to non-communist ntries—mainly to Western ope — would rise only htly from 23.9m tonnes in 6 to 25m tonnes by 1985.

owever, in an article in the rent issue of "World Coal," fessors Szlarski, Dudek and czmer of the Polish Mining Metallurgical Academy mate the 1980 production to be 210m tonnes, and say that "extensive investment" will continue.

While Poland uses coal to meet some 85 per cent of its energy needs and is unlikely to expand its oil and gas imports from the Soviet Union, the authors of the article make it clear that the more than 40m tonnes of exports to both Communist and non-communist countries are "an important earner of foreign currency."

Supplies of relatively cheap Polish coal to the EEC members' power stations is a major factor inhibiting agreement on an energy package by the Council of Ministers which would subsidise European-produced power station coal down to prices close to those of Polish, Australian and South African imports.

The UK, the largest coal producer in the EEC, would be the principal beneficiary of such a scheme, and will again attempt to gain approval for it this year. However, it seems unlikely that a package—which also contains proposals to amend oil refinery policy unacceptable to the UK—will be agreed in the near future.

● The EEC Commission has negotiated and initialled under the GATT Multifibre Arrangement (MFA) an agreement with Poland on trade in textiles and clothing. The agreement provides for Poland to restrain at agreed levels exports to the EEC of certain textile products until the end of 1982. It is similar to those that the Commission negotiated with other low cost supplying countries in 1977 and is effective from January 1, 1979.

EEC in U.S. chemicals protest

Y SUE CAMERON, CHEMICALS CORRESPONDENT

POSED U.S. environmental lations on chemicals could angle foreign trade and e innovation," according to IC—the Council of Euro- Chemical Manufacturers' rations.

presentatives of CEFIC a public hearing held by U.S. Environmental ection Agency that the osed regulations would hit pean chemical producers er than American ones. said the regulations, h would require highly detailed information about the production of American chemical imports that are not already on the U.S. inventory, would constitute a "deep invasion" of European manufacturers' ownership of technology.

The EPA has refused to guarantee confidentiality of any information it might receive under the proposed regulations. The European manufacturers believe that information about their technology, the tonnages they produce and the working conditions at their plants could therefore be made available to their competitors under the U.S. Freedom of Information Act. They also fear that the regulations would become a non-tariff barrier to trade with the U.S.

The CEFIC representatives told the public hearing that the EPA was "applying U.S. jurisdiction in an improper way to all countries." They demanded that the EPA should recognise European chemical testing rules as valid for foreign suppliers.

Toyota hit by rising U.S. prices

EXPORTS OF Toyota cars to the United States are likely to decline by 10 per cent this year compared with 1978, mainly because of their increasing prices, officials said in Tokyo, according to AP-DJ.

A spokesman for Toyota Motor Sales said the company, Japan's largest vehicle producer, would ship about 500,000 cars to the U.S. this year.

The target is 70,000 short of Toyota's U.S. exports in 1978. "Due to the yen's rise, it has been becoming increasingly difficult for us to keep up our exports to the U.S. and some slowdown has become inevitable," a spokesman said.

Toyota has raised the U.S. prices of its cars nine times since the summer of 1977, pushing up the present prices an average of 39 per cent from August, 1977, industry officials said.

New car for UK

Daihatsu Motors, a motor manufacturer within Toyoto Motor Group specialising in smaller size cars, has announced its plans to introduce its 1,000 cc Charade in the UK market from this summer. For the first year, the company plans to export 600 vehicles. Daihatsu has begun to expand rapidly in Europe and exports of the Charade to West Germany started at the beginning of this year.

Project finance

Hill Samuel Project Finance has arranged two sterling loans to support contracts awarded to Francis Shaw (Manchester) for the supply of £3.2m of tyre rubber reclaim and car door seal manufacturing equipment to Yugoslavia. The funds, backed by the Export Credits Guarantee Department, are being made available by Hill Samuel to Vojvodjanska Banka.

Draglines

Thomas Smith of Rodley, Leeds—a unit of NEI Clarke Chapman Cranes—has obtained an order from Agrocomplect, the Bulgarian agricultural engineering authority, for 10 draglines for use on the Sheiyamiyah and Suwaira irrigation projects in Iraq. The order, which includes spares, was obtained in competition with Italian and French manufacturers and is worth over £500,000.

NIGERIAN TRADE

Lagos takes tough line on imports

BY MARTIN DICKSON, RECENTLY IN LAGOS

FOR THE first time in years, vacant berths can now be seen in the Lagos port complex and only a handful of vessels are waiting in the roads off the Nigerian capital for permission to enter harbour.

Suddenly, the port congestion problems of Lagos have disappeared, at least for the moment. It is a development which graphically underlines the sharp drop in Nigeria's import volume in recent months, particularly since the Government's introduction of its controversial system of pre-shipment inspection for imports.

The slower flow of imports results from balance of payments difficulties which last April forced the Nigerian Government to take some tough budget measures. Severe curbs were placed on imports; certain goods were banned and many more placed under licence. The Government also announced that it planned to introduce a system of pre-shipment inspection for imports, to guard against over-invoicing, but gave no details then about when or how this would be introduced.

By the latter half of last year the import curbs were beginning to bite, particularly since the Government adopted a very strict approach to the issuing of licences. For example, UK exports to Nigeria, which were worth £104m last July, were down to £70m by December.

Initial uncertainties and bottlenecks in the scheme also produced a sharp reduction in Nigerian imports during January and February. According to a spokesman for the Nigerian Ports Authority, the Lagos port complex discharged 415,249 tonnes of imports in January, down 15 per cent on December and nearly 28 per cent on the previous January.

At the end of February, there were only some 10 vessels awaiting to enter Lagos's two ports—Apapa and Tin Can Island—compared with between larger numbers previously. Shipping lines have cancelled many sailings to Nigeria and have been carrying reduced tonnages on others.

The port authorities believe it will be another two to three months before traffic picks up, if the teething problems of pre-shipment inspection are settled, and they regard this as a valuable breathing space in which to carry out overdue repairs to equipment and to dredge harbour channels.

Others are not so sanguine. There have been repeated complaints both inside and outside Nigeria that pre-shipment inspection was introduced with far too little notice and that this, coupled with administrative bottlenecks at the Lagos end, are having a most unsettling effect on the flow of imports, including some raw materials for Nigerian industry.

It seems that it is still too early to assess how SGS is carrying out its mandate to inspect goods for price, quantity and quality. At present, complaints centre on the rate at which the Central Bank is processing the so-called Form M, through which Nigerian importers must now apply for foreign exchange. Submission of Form M is the first stage in the process of acquiring a clean pre-shipment inspection bill of health.

In response to complaints, the Government has allowed two concessions. Firstly, it delayed by a month (until the end of January) the introduction of the inspection process. Secondly, it announced recently that goods worth less than N10,000 (£8,300) would be exempt from inspection and that Forms M for such goods could be processed by the importer's own bank.

And while the Central Bank will continue to process Form M for items worth more than N10,000, it is in practice exempting from inspection goods valued at not more than N20,000.

These concessions should ameliorate supply problems for badly needed spare parts and some small quantities of raw materials, but they will not affect a large part of Nigeria's imports. It remains uncertain how long the pre-shipment scheme will take to overcome its problems.

But whatever the outcome, the scheme is regarded by the Government as a very necessary part of its armoury of import control measures. The main reason for the inspection process is to present over-invoicing for imports, since Nigeria feels that it was badly cheated by unscrupulous dealers during its heady oil boom years.

But the introduction of the Form M system should also allow the Government to monitor the country's foreign exchange commitments and flows far more quickly and sensitively than before.

With imports now cut sharply back, and with oil production currently running at record levels, Nigeria seems to be over the very worst of its external difficulties.

However, foreign exchange reserves are still uncomfortably low, and with the full effects of higher oil production yet to trickle through to the depressed domestic economy, there is unlikely to be any early improvement in the country's international trading position.

GM threatens Chile over car plan

BY ROBERT LINDLEY IN BUENOS AIRES

ALBERT BUCHANAN, the manager of General Motors assembly plant in Chile, is threatening to sue the Pinochet government if it puts into effect a plan which would appreciably reduce import duties on cars.

President Augusto Pinochet has announced that legislation is under consideration which would permit the importation of any automobile of a value of less than £1,250 on the payment of only 10 per cent in customs duty plus 20 per cent of added value. Vehicles of higher value would have progressive tariffs applied to them, and moreover used vehicles could be imported, something which now is prohibited.

It has been pointed out in official spheres that such new legislation would bring down the prices of automobiles now costing between £4,000 and £5,500 in Chile by as much as 50 per cent. After 15 years of prohibition, the Pinochet regime permitted the importation of new automobiles, most of them Japanese or Brazilian made.

The legislation now under study would reduce customs duties gradually, from the present 115 per cent to 105 per cent this year to arrive within four years at 75 per cent.

Automotive industry spokesmen in Chile say that this would be a change in "the rules of the game." Mr. Buchanan says that GM's contract with the Chilean Government establishes that the conditions would not be changed for 10 years.

Danish export markets

BY HILARY BARNES IN COPENHAGEN

FOR THE second year running, Germany has become the largest market for Danish exports, displacing the UK from the position it has held for most of this century. However, the UK pushed Sweden out of the second place which it held in 1977.

Danish exports to Germany in 1978 rose by 21 per cent to Kr. 11.09bn and imports from Germany by 8.3 per cent to Kr 16.9bn. Exports to the UK rose by 10.9 per cent to Kr 9.39bn and imports by 6.9 per cent to Kr 9.32bn. But exports to Sweden fell to 2.0 per cent to Kr 8.4bn while imports from Sweden rose by 1.7 per cent to Kr 10.62bn.

Redifon flight simulator for Braniff

By Michael Donne, Aerospace Correspondent

BRANIFF, the U.S. international airline, has ordered a Boeing 747 flight simulator from Redifon Simulation, of Crawley, Sussex.

Together with two Boeing 727 simulators built by Redifon, this brings to £8m the investment by Braniff in flight training equipment. A fourth simulator may be acquired in the future.

Captain Dale R. States, Braniff's staff vice-president, flight training, says that the airline can now carry out training more effectively in simulators on the ground than in the air.

The airline uses Boeing 727s exclusively on its widespread U.S. domestic network, and has three 747s for international use with another eight on order. Redifon Simulation is a member of the Rediffusion organisation.

Metal Box set to shut plant and sack 560

BY PAUL TAYLOR

THE METAL BOX company has told workers at its Portsmouth plastic film factory that it plans to close the plant in September with the loss of 560 jobs and to concentrate production at its Speke plant on Merseyside.

However, the unions at Portsmouth have suggested an alternative strategy to keep open the plant—which makes plastic wrappings and laminates for food packaging—with the loss of only 70 jobs.

Yesterday the company confirmed details of its closure proposals. It said they had been made necessary because of severe competition from overseas at the lower end of the plastic film market and the slower-than-expected growth in frozen and packaged foods after the economic recession.

Proposals to close the Portsmouth plant were put to the unions in January and it is understood that there have been two meetings since between union representatives and board members from the company's paper and plastics division.

The Portsmouth factory is believed to have been losing up to £100,000 a year in recent years despite a turnover of about £4.7m, reflecting the difficult market conditions.

The move to Speke, where there are about 200 employees, would involve some expansion of production and perhaps provide 50 more jobs.

The company said it had been decided to keep the Speke plant open because it has equipment for producing advanced laminates. They are more profitable than the unsupported plastic films at the lower end of the market.

The seven unions at Portsmouth say that their plan to keep the plant open, with 70 voluntary redundancies, would save £450,000 in wages alone and ensure that it remained viable.

The plan has been sent to management and Mr. Frank Judd, MP for Portsmouth North and Minister for Foreign and Commonwealth Affairs.

Mr. Judd has forwarded copies of the alternative plan to other Ministers, including Mr. Alan Williams, Industry Minister. The unions hope to discuss their proposals with members of the main Metal Box board at a meeting on March 23.

The alternative job-saving strategy is likely to attract Government interest because Portsmouth's unemployment is above the national average and well above that for the South-East.

Metal Box announced pre-tax profits in the first half of 1978 of £31.37m, up a quarter on a turnover of £453.6m. Home profits during the same period were £22m on a turnover of £305m.

In December the company announced plans to dismiss 400 workers in four of the company's UK can factories. Once again it blamed a fall in overall demand for canned food and beverages, together with stiffer competition.

Marsh accuses some MPs of being hostile to industry

FINANCIAL TIMES REPORTER

SIR RICHARD MARSH, the former Labour Minister, yesterday spoke out against the "popular British sport of boss bashing" and criticised some MPs for ignorance and hostility towards industry and industrialists.

Sir Richard, chairman of the Iron and Steel Consumers' Council, was speaking to the British Constructional Steelwork Association, on the forthcoming general election and what he described as the dangers of playing politics with crucial sectors of British industry.

He said: "There is no doubt in my mind that the views of a large proportion of Members of Parliament about industry and industrialists are conditioned by a destructive compendium of mind-boggling ignorance and inexplicable hostility."

Paradoxical

Foreign competitors who wanted to knock British industry could find the most consistently damaging ammunition in the columns of Hansard. "This is particularly true of the nationalised industries in general and the Steel Corporation in particular."

"This must be the only industrialised country in the world where purely pragmatic arguments for or against the public ownership of sectors of industry are elevated to the ultimate in party political controversy. I know of no industrialised society that does not find it expedient, and sometimes essential, to acquire control of certain areas of the economy for purely practical reasons.

"It is paradoxical that as a Right-wing Gaitskellite Labour Minister I was responsible for pushing the nationalisation of the British steel industry through a reluctant Labour Cabinet. Having developed my views on economics to a point where I worry about the Left-wing tendencies of Professor Milton Friedman and Sir Keith Joseph, I still believe it was the right decision."

The corporation was now 10 years old and nobody could seriously believe it could be returned to the private sector.

Dangers

"That being so, it is high time it was taken out of the political arena and allowed to concentrate on policies designed to last longer than the period between elections."

Applauding the technical and managerial skills of British Steel and the responsible attitude of the steel unions, Sir Richard said: "The urgent need is to alert the public about the enormous dangers of playing politics with crucial sectors of the British industry.

"To plagiarise one of Mr. Benn's more infamous remarks, 'Government is far too important to be left to the politicians.'"

Mr. Derek Peters, the association's president, said the industry's export orders for 1978 were double those for 1977. In real terms the figure for 1978 was exactly double the average for 1971-75.

Quoting figures based on reports received from members, Mr. Peters put total steelwork export orders taken in 1978 at 73,406 tonnes (worth nearly £50m), compared with 37,141 tonnes in 1977.

Stokes to be top BL salesman

By Kenneth Gooding, Motor Industry Correspondent

LORD STOKES
No pay—only expenses

LORD STOKES is returning to the role that made his reputation—as a top international salesman for Leyland trucks and buses—after he retires as president of BL, formerly British Leyland, at the end of March.

He has accepted an offer to serve as consultant to Leyland Vehicles, BL's truck and but division, for two years after his retirement at 65.

Mr. David Abell, a friend of Lord Stokes, who took over as chairman and chief executive of Leyland Vehicles three months ago, said yesterday that Lord Stokes would be paid no fee but would receive expenses.

In particular, he will concentrate on helping Leyland Vehicles with its sales efforts, which are being increased overseas. "His contacts and reputation will do wonders for us," Mr. Abell commented.

His start

Lord Stokes started his career with Leyland at the age of 16 in 1930. Since that time he has spent only six years away from the company. He served in the Army throughout the war, reaching the rank of lieutenant-colonel.

When Leyland merged with British Motor Holdings in 1968 he became chairman and managing director of British Leyland and remained so for seven stormy years until the group's financial crash, which led to the £1.4bn Government rescue in April, 1975.

A year later Lord Stokes became non-executive, honorary (unpaid) president, drawing a pension and having his own suite of offices and staff at the BL Nuffield House headquarters in London. His role has been something like that of a top-level diplomat for BL in export territories.

ICI to build £20m nitric acid plant at Billingham

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES is to spend £20m on a 250,000 tonnes a year nitric acid plant at its Billingham site in Cleveland. The plant is the first major capital expenditure project to be sanctioned by ICI's Board this year.

Nitric acid from Billingham will be used to make ammonium nitrate fertiliser. ICI is currently building a 430,000 tonnes a year ammonium nitrate fertiliser plant at Billingham which is expected to come on stream in the autumn. Both plants are part of the group's long-term plan to increase fertiliser production; ICI expects demand for its nitrogen fertilisers to continue to grow at its present rate of about 6 per cent a year.

Building work on the new plant is to begin soon, with completion coming in the spring of 1981. About 200 men will be employed in its construction, while the nitric acid and ammonium nitrate fertiliser plants together are expected to provide an extra 50 permanent jobs at Billingham.

During the last 15 years, ICI has invested more than £150m in fertiliser production. It already has 15 nitric acid plants—eight at Billingham—and two ammonium nitrate fertiliser plants. With the third fertiliser plant, the group will have a total ammonium nitrate production capacity of over 1m tonnes.

Most of the fertiliser produced in the UK is for domestic consumption and about 15 per cent only is exported.

Although ICI uses the greater part of the nitric acid it produces to make fertilisers, some goes into the manufacture of explosives, fibres, polyurethanes and dyestuffs.

Winter road damage may cost £100m

BY LYNTON McLAIN

DAMAGE TO Britain's roads this winter will cost local authorities up to £100m in remedial work, the Institution of Municipal Engineers said in London yesterday.

Snow damage has cost individual councils an average of £1m over the winter. Large councils face bills approaching £2.5m. Those in the areas worst affected by heavy snow and ice spent up to six times their budget for clearing snow. Most local authorities exceeded their snow-clearance budgets by two or three times.

Money that had been allocated for road improvements would have to be spent on repairs, Mr. William Shirrefs, president of the Institution said.

The dry summer of 1977 and the two harsh winters that followed it severely damaged Britain's roads.

But Government reductions in roads expenditure had added to the difficulties, Mr. Michael Hawkins, the Devon County Council surveyor said. Cuts of 6 per cent a year had been imposed for the three years since 1975 as part of the Government's public expenditure economies.

The cuts were stopped for the current financial year and the Government White Paper on Public Expenditure called for a rise of 2 per cent in spending on roads.

The councils have called on the Government for a further rise to replenish road budgets spent on repairs instead of improvements.

The snow and ice caused surface potholes, but the Institution is worried about the more serious damage to foundations and drainage. Many roads will have to be relaid.

Mr. Shirrefs, who is also the Leicestershire county engineer and surveyor, said that snowploughs damaged reflectors and white lines on road verges.

More than 39,000 tons of salt had been used on the county's roads, more than double the quantity for the whole of the 1977-78 winter.

The county budget allowed for £360.00 for winter maintenance. Expenditure so far had been £875,000 and a further £100,000 was expected to be spent by the end of the financial year.

Road damage in the Strathclyde Regional Council area is expected to cost almost £5m. Over half of that has been spent on unclassified roads, with £581,000 for motorway and trunk road repairs.

Telegraph price freeze order laid

By Our Consumer Affairs Correspondent

A PARLIAMENTARY Order freezing the cover price and advertising rates of the Daily Telegraph until October 15 was laid yesterday by Mr. Roy Hattersley, Prices Secretary.

The Order is the second to be made after a Price Commission investigation into a company's proposed price rise.

Last week the Commission recommended in a report to Mr. Hattersley that the Daily Telegraph should be allowed a 1p cover price rise but that further increases for both cover price and advertising rates should be prohibited until October.

The Telegraph refused to give a formal undertaking to accept this restriction, thus forcing Mr. Hattersley to lay an Order before Parliament.

In nine other cases where the Commission has recommended price restrictions following an investigation, the company concerned has agreed to accept the restrictions.

The Ever Ready company was previously subject to an Order after refusing voluntarily to agree to the restrictions.

Up-market Datsun launched at £9,000

BY OUR MOTOR INDUSTRY CORRESPONDENT

A £9,000 DATSUN car is launched in the UK today, and provides yet another indication of how Japanese manufacturers are developing a more up-market image for their vehicles, as well as charging more for them.

The Datsun 280ZX is a new version of what the group claims is the world's best-selling sports car. There are two styles, a two-seater coupé at £8,103 and a four-seater at £9,000.

The cars have 2.8-litre engines and five-speed gearboxes. Datsun says that the two-seater with driver only can reach a top speed of 127 mph, covering from 0 to 80 mph in 15 seconds.

The company aims to compete with the Jaguar range by equipping the cars with electronic fuel injection, electronic ignition, power steering and electric windows as standard.

Another Japanese car new to British roads, the Colt 1400, known in Japan as the "Mirage" is also launched today. But, confirming the trend that the importers must make a greater return on the cars they sell if the numbers are to be restricted, only the top-of-the range GLX model will be sold here, at £3,699.

The new Colt is technically interesting in that it is the first from the company to have a transverse, frontwheel-drive engine.

It incorporates Colt's "supershift" gearing system, which enables the driver to select either the best performance or economy by depressing the clutch and altering the position of a lever next to the gear shift.

The importers of both Datsuns and Colts are a little vague about how many of the new models they hope to sell this year because it is not clear how many will be shipped from Japan, in view of the manufacturers' assurances that they will take a "prudent" view of the UK market.

From Europe comes the new Audi 80, which, the importers maintain, should lift sales of the marque from last year's 16,143 to a record 20,000 in the UK in 1979.

The importers, Volkswagen (GB), a Lonrho subsidiary, also look for Volkswagen sales to jump from about 56,000 to 63,000 in Britain this year.

The new Audi 80 is noticeably larger than the car it replaces, and is priced at £4,650 for the least expensive LS model and £5,200 for the GLS. Main competitors in the UK are likely to be the Ford Cortina Ghia; the BMW "3," series; Lancia Beta; Vauxhall Carlton; Triumph Dolomite; Saab 99; and Alfa Romeo Alfetta.

Manx £1 coin goes on sale in London

By Colleen Toomey

THE Isle of Man's new £1 coin, which is changing hands among collectors for up to £5 is on sale in London at face value.

Demand for the coin first issued last year, has been so great that a special issue marking 1,000 years of the Tynwald, tte island's parliament, has been For this week only, it will be available in London through nine bureaux de change.

The coin, nicknamed "the round pound" on the island, was introduced to be used alongside the Manx £1 note, just as the authorities circulate a 50p piece and note.

Mr. William Dawson, the Manx Treasurer, said yesterday: "The demand for the coin in the island is overwhelming and some clients have bought 50 at a time."

About 250,000 coins were issued last year. In the special issue, 50,000 new coins have been struck and another 10,000 are expected today to cope with demand.

The coins are not legal tender in the UK.

Change of name in panel meters

BRITISH PHYSICAL Laboratories of Radlett, Herts, is introducing digital panel meters to its range of precision analogue meters. At the same time, the company is changing its name to Racal-BPL.

BPL joined the Racal Electronics group in 1974.

Constructional steel export boost urged

BY JAMES McDONALD

CONSTRUCTIONAL steelwork companies should regard exporting as a regular part of their business.

That recommendation is from the industry's sector working party, set up by the National Economic Development Council, which says that although in the past many companies have considered exporting only when the home market has been depressed, long-term growth in many cases depends on increasing exports.

Its industrial strategy report recommends that more companies put time, money and manpower into finding new opportunities abroad.

It adds that the industry should campaign to convince manufacturing industry of the advantages of new, well designed industrial buildings and that constructional steelwork companies, many of whose premises are more than 50 years old, should examine their own factories.

The industry should give highest priority to its education and promotion programmes to convince designers and specifiers of the advantages of steel compared with concrete in construction.

The report again urges the Government to avoid sudden changes in public expenditure. It repeats its request for a 100 per cent depreciation allowance for industrial buildings.

"The working party also asks the Government urgently to consider financial support for the industry's research and development, particularly in computer-aided design and estimation.

It asks for a continued search for means of improving facilities of the Export Credits Guarantee Department, extending the coverage of the Market Entry Guarantee Scheme and of maximising UK industry's commercial benefit from the country's aid programme.

Improved competitiveness in home and export markets and measures to improve market shares will continue to be the primary concern of the sector working party this year, the report says.

The party's export steering group has explored several means of helping the industry to increase exports and it will be reporting to the party in detail this year.

Two-thirds of the industry's output goes into industrial building, mostly in the UK, and the home market absorbs almost nine-tenths of the industry's total output. In the export market, which takes about 12 per cent of output, there is keen competition from developed and some developing countries.

Last year the industry was still producing about 200,000 tonnes less than in 1974, the last peak year.

The report estimates that demand until 1981 is likely to be 15 per cent lower than the 1.3m tonnes achieved in 1974.

Metal fabricating grows but profits are 'poor'

ALTHOUGH THE metal fabricating industry is expanding, profitability is poor, according to a financial survey of 364 companies in the sector.

All six quoted companies in the survey, and 64 per cent of the 358 unquoted, increased turnovers in a two-year period, but only three of the quoted companies and only 45.6 per cent of the unquoted had higher profits in that period.

Of the unquoted companies, 86 per cent increased their assets and 68 per cent their liabilities; of the quoted, 100 per cent showed higher assets and 80 per cent greater liabilities.

"It is quite obvious from the results that the more stringent future of our economy will have drastic effects on an already suffering sector of industry," says the survey. "It is difficult to see how any reasonable or even short-term recovery is possible without reduction of the number of companies

Metal Fabricators, Inter-company Comparisons, 81 City Road, London EC1, £36.80.

Banks hopeful that Bill will be revised

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

HOPES that the Government may alter the Banking Bill to allow all non-EEC banks with branches in London to retain their existing names were expressed at a meeting of the banks affected yesterday.

Speaking to senior representatives of some 25 non-EEC banks, Mr. Roger Moat, Conservative MP for Faversham, said that he was optimistic that the Bill would be altered to the satisfaction of most of the banks.

Mr. Moat has already discussed the foreign banks' problems with Mr. Denzil Davies, Minister of State at the Treasury.

The banks seem likely to fall into the second-tier category of financial institutions under the Bill. With head offices outside the EEC—mainly in the Third World—they would then have to exclude the word "bank" from their titles.

Several of the banks claimed that the Bill discriminated against them. They also pointed out that it might be possible to restructure operations through another EEC country, thereby obtaining exemption from the restrictive clause.

Mr. Moat and others urged all the banks concerned to lobby their own governments, embassies, High Commissions, and members of both Houses of Parliament urgently. "The British Government must heed the representations it receives from other governments," he said. Mr. Paul Cotton, London manager of Jammal Trust, the banks have only until next Tuesday, when the Bill goes into its committee stage in the Lords, to make their case.

It was also apparent at yesterday's meeting that a number of Australian savings banks operating in London object to the way they are likely to be treated under the provisions of the Bill.

£50,000 fine planned for sea safety law

BY LYNTON McLAIN

GOVERNMENT PLANS to tighten safety at sea moved a step forward yesterday when a House of Commons committee agreed to regulations establishing instant £50,000 fines for ships' masters who breach proposed new laws.

The move came after the Government inserted tough new clauses into the Merchant Shipping Bill, which had its first reading in the Commons in November and is expected to complete the Committee Stage this week.

The £50,000 fine will be applied on summary conviction in a local magistrates' court.

The magistrates can impose instant fines up to this level where a ship carries more passengers than permitted on her passenger certificate; a master has breached collision regulations, including traffic regulations in the Channel; a ship has failed to assist another after a collision; and where a ship sails without permission while detained on safety grounds by marine safety officers.

Masters would be liable to £50,000 fines for taking a ship to sea in a condition that would endanger life.

Mr. Stanley Clinton Davis, Parliamentary Under-Secretary at the Trade Department, said the measures would in effect apply particularly to masters of foreign vessels where it would be difficult to bring cases to trial later.

He would consider introducing an amendment to a clause fining masters up to £50,000 for sailing with a broken navigation light.

The Bill is expected to go to the Report Stage in the Commons this month, when Tory MPs are likely to table more amendments, including one to extend limits of territorial waters.

Atlas by Mercator fetches £340,000

AN ATLAS compiled and annotated by Gerardus Mercator, the great Flemish sixteenth-century cartographer, sold for £340,000 (plus the 10.8 per cent buyers' premium) at Sotheby's yesterday. This was twice the estimate and easily an auction record for an atlas, beating the £44,000 paid at Christie's last year.

The atlas is of Europe and was compiled at Duisburg around 1570, almost certainly as a working guide for travellers. It was bought anonymously by telephone. The vendor, an anonymous Dutchman, acquired it, while on holiday in Belgium, in a small bookshop, where it had lain for years under a pile of fashion plates. It was some time before he realised its value.

The atlas is so valuable because it contains the only known manuscript maps by Mercator—both of the Lombardy region of Italy—and the only surviving copy of his wall map of Europe, printed in 1544. It also contains a copy of the wall map of the British Isles of 1564, of which only three others are known, all held outside the UK.

The atlas dominated what proved to be Sotheby's most successful sale, in terms of total receipts, of autograph letters, literary manuscripts and historical documents. The first day's total was £549,270 and the auction continues today.

Lots devoted to the papers of Captain Grant, the African explorer, brought in £105,915, with Quaritch paying £36,000 for the journal kept by Grant when with Captain Speke, he ventured into Uganda, searching for the source of the Nile. The drawings, mostly watercolours, executed by Grant during the journey were also bought by Quaritech, for £32,000.

The papers of Sir Eyre Coote, who fought in the American War of Independence and other campaigns before being disgraced for impropriety, went for £30,000. Quaritech paid £8,000 for six letters by David Livingstone about the discovery of Lake Ngami. A love letter from Nelson to Lady Hamilton, written in 1801, sold for £3,500.

At Sotheby's, Los Angeles, a painting by Theodore Chasselau of an oriental scene made £46,569. At Sotheby's, Belgravia, the top price in an auction of Victorian pictures was £1,900 for a painting of dogs by Arthur Wardle. A lake scene by Edward Waite fetched the same sum.

At Phillips, a Maori free-standing male figure, 41 cm high, was bought by a dealer against strong German bidding for £65,000, far above the estimate of £5,000-£10,000. The figure had been unearthed by a Phillips valuer hunting in the loft of a house in the Borders.

SALEROOM
BY ANTONY THORNCROFT

Bank's issue of gilts 'mishandled'

By Christine Moir

THE COUNCIL for the Securities Industry is expected to report soon on its investigation into the Bank of England's handling of the recent new gilts issues.

A committee headed by chairman Mr. Patrick Neill, QC, together with council members Lord Shawcross, Sir Alexander Johnston and Lord Thomson, sat late into the evening on Monday. They heard allegations from Mr. David Eastham, senior partner of Joseph Sebag, and Mr. Ralph Vickers, chairman of Vickers da Costa, that the Bank had mishandled the issue.

The Bank's team was helped by Sir Jasper Hollom, the deputy governor. The other two members were Mr. George Morgan, the chief accountant, and the Government broker, Mullens.

All the parties have been asked to be ready for further questioning but the committee hoped to complete its report on the basis of one session only.

Littlewoods Pools chairman to retire

MR. CECIL MOORES, chairman of Littlewoods Pools, is to retire for "health reasons," it was announced yesterday.

The 76-year-old millionaire is to step down immediately after being one of the main pillars of the Littlewoods empire for more than 50 years.

He will become company president, and his nephew, Mr. Peter Moores, already chairman of the privately-owned Littlewoods Organisation, will be the new chairman.

With his brother, Mr. John Moores, who founded the company, Mr. Cecil Moores saw the business grow from modest beginnings in 1925 to the world's largest football pool with an expected turnover this year of more than £200m and offering prizes of almost £750,000.

The company said Mr. Moores was not ill but felt it was time to retire.

Mr Who at the top of British business

BY JASON CRISP

ONLY A small proportion of the British public appears to have any notion who Sir John Methven, CBI director-general, is or what he does; his opposite number, Mr. Len Murray, general secretary of the TUC, seems much better known.

A survey of 2,000 people by NOP Market Research for the weekly magazine Engineering Today found that Britain's leading industrialists are almost unknown to the general public: Mr. Michael Edwardes, chief executive of BL, who was recognised by 23 per cent, appears to be the only one who has made any public impact.

Sir John was recognised by barely one in 10, but Mr. Murray by two-thirds.

Sir Arnold Weinstock, so often described as a giant of industry, was recognised by only eight per cent. One woman thought he was a sportsman, a response which ranks with that of the woman who thought Sir John Meth-

If he were, his fame might ven a pop star.
have been as wide as that of Rod Stewart, who was recognised by 87 per cent of people overall, and by more than half those aged over 65.

Kevin Keegan, one of England's leading footballers, was almost as well known with 84 per cent recognising him. Mr. Denis Healey, the Chancellor, was recognised

SIR JOHN METHVEN

ROD STEWART

by three-quarters of those surveyed.

The magazine comments that there is apparently no one in the country who can be regarded as the voice of manufacturing industry. Sir John Methven commented that he was not at all surprised by the result; CBI's own survey showed him to be recognised by 17 to 25 per cent of the people compared with Mr. Murray's 80 per cent.

Sir Barrie Heath, chairman of GKN, one of the UK's largest engineering companies with a turnover of £1.6bn and more than 100,000 employees, was known to a mere one per cent of the sample. In Scotland none of the respondents had heard of him. His brief comment: "I am just delighted to have been included on the list."

Young people particularly were unaware of who the industrialists were. In the 15 to 24 age group fewer than one in 10 knew who Mr. Edwardes was or what he did, two per cent knew of Sir John Methven, and one per cent of Sir Arnold. Not surprisingly, 99 per cent knew of Rod Stewart.

And it should be noted that over half still knew who Mr. Murray was.

Those groups among whom Sir John Methven was least recognised were women (6 per cent), people in Scotland (6 per cent) and those in the D-E social group (5 per cent).

Rod Stewart told the magazine: "I am delighted and flattered to be so well known. But I think it is important that some of these businessmen project themselves as much as the companies they work for." He should know.

Grants and Incentives

The whole of Wales is an assisted area. Which means that by moving or expanding into Wales you could benefit from the wide range of Government incentives available.

Wales also has the advantage of being the closest assisted area to London and the Midlands and is therefore very close to 250 million Community customers. So you won't lose tabs on important markets by moving.

Investment Services

In addition, we at the Welsh Development Agency can provide finance in the form of loans and/or equity capital to help you establish in Wales.

Factories

We have a wide range of factories ready for immediate occupation throughout Wales.

Ranging from 1500 sq. ft. to 50,000 sq. ft.

They are let at competitive rents and in certain areas there are rent free concessions.

If you prefer, we can build a factory to your requirements. Sites are also available for you to build your own factory.

Communications

Getting to and from Wales has never been easier.

Rail links serve all parts of Wales, connecting with the North, the Midlands and the South East. The Inter-City 125 passenger service has shortened the journey from Cardiff to London to under 2 hours. Fast streamlined transit is provided by Freightliner services, while Speedlink offers an overnight freight service to most parts of Britain and Europe.

Much is being done to upgrade and improve the roads throughout Wales. The M4 reaches into South West Wales providing a direct route for the passage of goods to the London area and the Midlands.

Cardiff Wales Airport is now the regional airport of the South West. And, having the benefit of the interport removal centre, fast and efficient through movement of goods is ensured.

Well-equipped Welsh ports handle a large percentage of Britain's imports and exports.

Companies already in Wales

Perhaps the best incentive of all for moving to Wales is the experience of the companies who have made the move already.

Remember for instance the huge expansion plans of Ford currently under way.

Many other companies have also found that moving to Wales has proved successful. So you certainly won't be alone in deciding on Wales.

Advice

We can advise you on the many Government incentives available.

We can advise you how best to set about meeting your workforce needs.

We can advise you on the areas that will suit you best in terms of availability of factories and closeness to markets.

And if you'd like to know more about the advantages of Wales, take our advice: post the coupon.

Welsh Development Agency

To: The Welsh Development Agency,
Treforest Industrial Estate, PONTYPRIDD,
Mid Glamorgan CF37 5UT.
Tel: Treforest (044 385) 2666. Telex: 497516.

Please send me more details on:
Agency Investment ☐ Factories Available ☐
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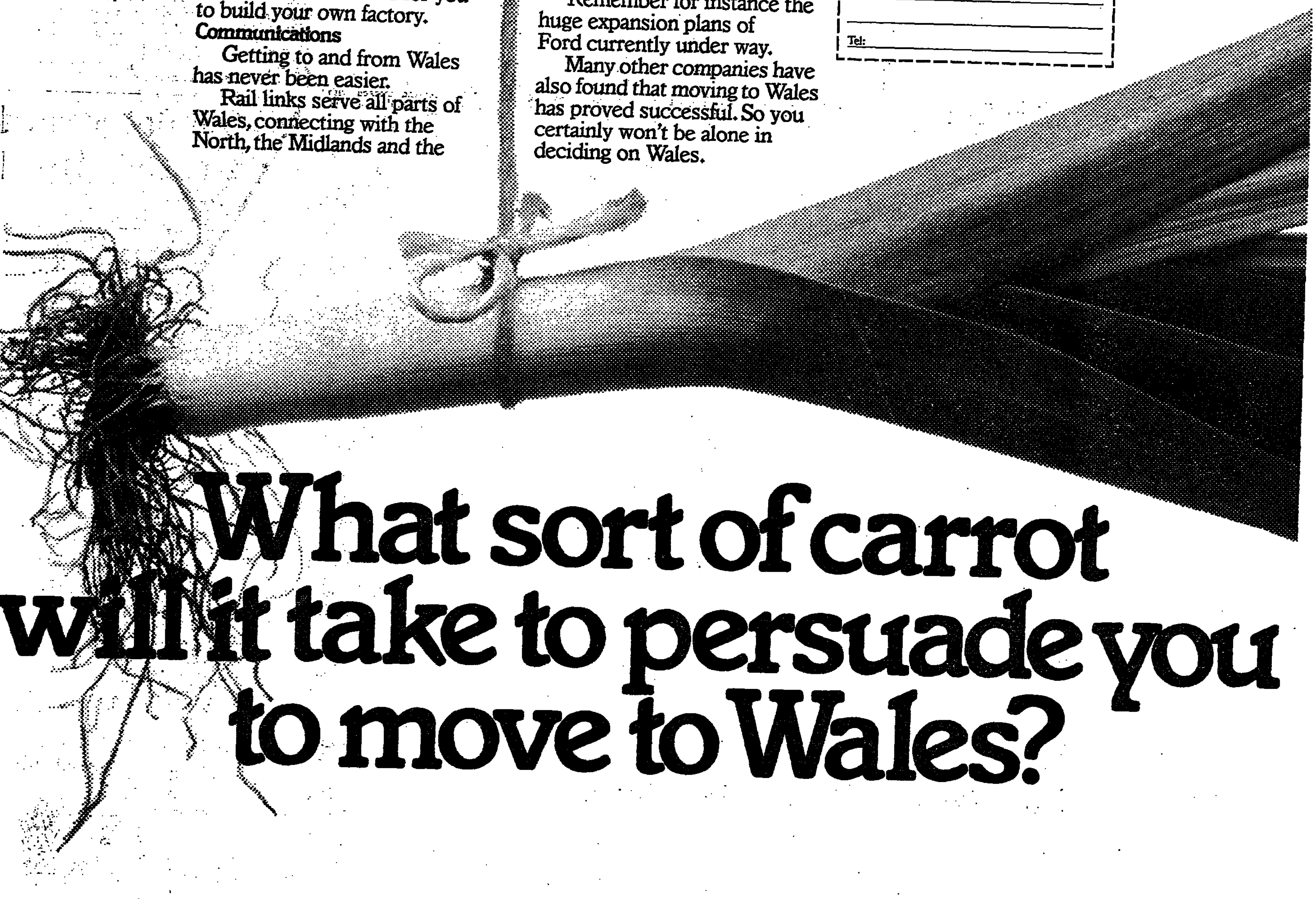

What sort of carrot will it take to persuade you to move to Wales?

Blast study blames sodium chlorate

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE HEALTH and Safety Executive has attributed most of the £6m worth of damage caused by a warehouse fire at Renfrew, Strathclyde, to exploding drums of pure sodium chlorate, a chemical that has never been classified as an explosive in the UK or abroad.

It wants sodium chlorate to be reclassified as a potentially highly dangerous substance. It also seeks a review of regulations governing transport and storage of the chemical.

The executive's report on the Renfrew warehouse fire of January, 1977, in which 13 people were injured, was published yesterday. It discloses that pure sodium chlorate has been known to explode before. Research had "disclosed that on at least six occasions since 1899 stores of potassium chlorate or sodium chlorate in an almost pure state have been implicated in explosions—most recently in a warehouse at Hamilton, Lanarkshire, in 1969 and in a ship at Barcelona in 1974."

The report says that the fire at the Braehead container depot, Renfrew, was started by three boys. They were cold and lit a fire against the wall of a bitumen-covered shed containing 1,700 drums of sodium chlorate.

Drops of flaming bitumen began to fall on the drums. The explosions that followed wrecked the shed and a bonded warehouse nearby containing 20,000 cases of whisky and 80 barrels of spirit.

The report says that if the fire had not ocurred on a public holiday far more people would have been injured or killed. But James Kelman Transport and Storage, which had the lease on the shed containing the sodium chlorate, "could not have forseen the disastrous explosive potential of the material in the light of knowledge existing before the incident."

No legal action is to be taken against the company, but the report stresses that it was unwise to store sodium chlorate in a building clad with inflammable bitumenised corrugated steel sheets.

Sodium chlorate, an oxidising agent used in making weedkiller and matches, has "long been known for its unpredictable behaviour" when mixed with other combustible chemicals, the report says. But the consignment at Braehead was 99 per cent pure.

At the time of the fire it was the "generally held view" that commercially pure sodium chlorate would not be expected to explode even under intense heat and conditions of confinement, such as existed at Braehead. That view "did not accord with the evidence of the explosion" and therefore the research and laboratory services division of the Health and Safety Executive caried out fire trials with drums of sodium chlorate like those at Braehead. The trials proved that sodium chlorate could explode.

The report suggests that all bodies, national or international, concerned with the storage, conveyance or handling of sodium chlorate should reconsider the dangers and recommended precautions. Sodium chlorate stored in bulk should be kept in a separate, fire-resistent storeroom or building.

The report calls for further research into the way sodium chlorate and similar chemicals behave under intense heat.

● *The Fire and Explosion at the Braehead Container Depot, Renfrew, January 4, 1977 (HMSO, £1.75p).*

Factory building drive in Wales

By Robin Reeves, Welsh Correspondent

A £30M ADVANCE factory building programme—the biggest ever in Wales—is to be implemented over the next two years by the Welsh Development Agency.

The programme, three times larger than any previous WDA factory programme, will provide an additional 1.5m sq ft of manufacturing space spread throughout the eight Welsh counties.

The agency plans to put the programme into effect on what it calls a production line basis. Factory building in individual areas will be topped up with new projects after a review of the employment and industrial space needs of individual communities.

Demand

The WDA and the Government have been encouraged to step up advance factory building by the current high level of demand for "off the shelf" manufacturing space in Wales.

After a lean period of several years, 100 advance factories were formally allocated last year to companies either establishing or expanding in Wales.

So far this year, a further 28 factories with a total area of 173,500 sq ft have been formally allocated. Another 81 factories amounting to 647,000 sq ft have also been provisionally booked.

A feature of the new building programme will be the availability of 750 sq ft units, suitable for small businesses. These are half the size of the smallest standard factory provided.

During the past two years, the WDA has announced four general programmes of advance factory construction and two special building drives in the Ebbw Vale and Cardiff areas, undertaken with special Government aid to help communities hit by steel closures.

These will provide a total of 306 advance factory units amounting to 1.9m sq ft of new space, most of which will become available for occupation progressively this year. The demand for space has been so great that only 25 units totalling 300,000 sq ft are complete and are available for letting.

Rover sells 1,000 cars to Japan

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A £12m contract for the sale of Rover 3500 cars to Japan was signed in Coventry yesterday.

The deal, renewable annually, is for the supply of 1,000 Rovers to Mitsui, the Japanese trading house. It will be the first time the Rover 3500 has been exported to Japan.

Mr. Shogoro Ariga, chairman and managing director of Mitsui Europe, said that early indications were that the car would prove a success in Japan.

BL entered a joint venture with Mitsui in 1977 to form Leyland Japan, to import and market the vehicles.

Mr. Peter Murrough, sales and marketing director of Jaguar Rover Triumph, said the Rover deal marked a move into the more volume-oriented sector of the Japanese market. It would now be possible to strengthen the company's dealer network.

More than 2,000 Jaguar, MG and Triumph cars, worth over £16m, were sold to Japan last year compared with 515 in 1975. "We set ourselves a target of £25m worth of sales in Japan by 1981 and this year we are aiming to top the £20m mark," Mr. Murrough said.

Demand for British executives falling

THE DEMAND for UK executives by overseas countries fell sharply in the last quarter of 1978, according to a study by MSL International, the management consultancy.

The number of vacancies advertised in the last three months of 1978 for professional, technical and managerial executives to work overseas was 30 per cent below the previous quarter and 46 per cent below the same quarter of 1977.

MSL's analysis is based on recruitment advertising in a wide range of newspapers and journals. Overseas jobs monitored for the whole of 1978 were 25 per cent down on the previous year.

The greatest demand continues to come from the Middle East and the Gulf, although this dropped in the last quarter of 1978. MSL considers that this may herald the start of changes in the geographical pattern of executive demand.

In its analysis of demand for executives within the UK, the management consultants also noted a marked downturn in the last quarter of 1978, but report that demand last year was marginally better than in 1977, and the best since 1974.

There was a particularly strong demand for computer specialists which was the highest for 10 years. Sales and marketing executives were also in firm demand in 1978 but the number of appointments in the accounting and financial sector remained unchanged over the past three years.

Atlantic air travel up 15.2%

By Michael Donne, Aerospace Correspondent

AIR TRAVEL on the North Atlantic, as measured by the member airlines of the International Air Transport Association (IATA), rose 15.2 per cent last year to more than 13.76m passengers.

If traffic carried by independent airlines is included the total exceeded 14m.

Figures issued by IATA show that scheduled-service traffic rose 21.7 per cent to nearly 12.6m passengers. Within that total economy-class travel, including users of cheap Stand-by and other low fares, rose 21.9 per cent to more than 11.8m, while first-class traffic rose 19.3 per cent to more than 768,000.

Passengers on charter operations conducted by IATA members fell by 26.7 per cent to just over 1.17m. Charter operations by independent airlines also declined.

The total number of Atlantic flights rose only 1.7 per cent to 83,361, reflecting the increasing use of wide-bodied jet airliners, each carrying more passengers.

● Trans World Airlines will introduce a cheap round-trip Advance Purchase Excursion (Apex) fare of $249 (£124) between New York and Frankfurt from April 29. This is 72 per cent less than the normal economy class return fare and 37 per cent lower than the round-trip Apex rate.

Haringey parents will fight on

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PARENTS in North London are to take to full trial their test case against the Haringey education authority which kept its schools closed for four weeks during the strike by caretakers, which was only recently settled.

Although Appeal Court judges yesterday dismissed by two to one the parents' claim for an interim injunction against the authority, all three judges agreed that the parents had a right to full trial of their case, that Haringey acted unlawfully in failing to open its schools during the all-out strike.

Lord Denning, Master of the Rolls, said that on the evidence before the court, it appeared that the National Union of Public Employees and the General and Municipal Workers' Union were the "dominating influence" in requiring the schools to be shut. The local council closed them at the behest of, and in agreement with, the unions.

"In so doing the council broke their statutory duty and the union leaders were inducing them to break it. Such conduct was in my view unlawful and the union leaders have no immunity in respect of it."

Lord Denning added that Mrs. Shirley Williams, Secretary for Education and Science, had written to the parents saying that the council had not failed to discharge its duty.

"If she thought that the duty of the borough council was only to provide the school buildings and no more, I think she was badly advised on the law," he commented.

"As I read the statute it was, and is, the duty of the borough council not only to provide the school buildings, but also to provide the teachers and other staff to run the schools and, furthermore, to keep the schools open at all proper times."

Lord Justice Eveleigh also said that the unions had no right to ask or to demand that the council should close the schools. But it might be that the authority had been trying to do its best by avoiding provoking a situation which might have caused greater damage to children's education in the long run.

"I don't say that that was the case, because the matter has to be tried," he added.

Sir Stanley Rees, the other judge, said that there was other evidence, fit for consideration at a full trial, that the Haringey Council had acted unlawfully in not taking steps to re-open the schools during the strike.

Later, Mrs. Nicky Harrison, chairman of the Labour-controlled authority's education committee, denied that there had been any collusion with the unions concerned. She viewed the judges' decision as a total victory for the council.

Companies Bill clause on directors' duty stands

BY ANDREW TAYLOR

CONSERVATIVE MPs yesterday failed to amend a clause in the Companies Bill which will allow workers to take their company directors to court for failing to look after employees' interests.

The clause states that a director, in addition to his duties to a company, owes a further duty to look after the interests of employees. Mr. Cecil Parkinson, Conservative MP for Hertfordshire South, said that the wording of this clause meant that employees would enjoy greater benefits and protection than shareholders.

The Conservatives had proposed an amendment which stated that a director's sole duty was to the company but in carrying out this duty a director should have regard to the interests of both shareholders and employees alike. This was defeated by a single vote.

The Bill is still in the committee stage.

Appeal for new private hospital

A £1.35M APPEAL was launched yesterday for a planned new private hospital to serve Merseyside.

The appeal, launched by Sir Douglas Crawford, Lord-Lieutenant of Merseyside, is for money to cover building and equipment.

A former preparatory school at Heswall, on the Wirral peninsula, has been bought for the hospital, Murrayfield, which will initially have 30 beds, possibly rising to 45, and which will be able to deal with 1,500 patients a year.

Private beds in National Health Service hospitals have been cut to 11 in the Wirral and those might be phased out.

Increase of 22% in moped sales

IN SPITE of the bad weather last month, sales of motorcycles fell just 4 per cent compared to February last year.

Moped registrations, however, rose by 22 per cent and scooter sales increased 5 per cent from 200 to 210.

Barrow Hepburn group appoints chief executive

BY ANDREW TAYLOR

THE NEW chief executive of the Barrow Hepburn group is Mr. Raymond Way, currently deputy chairman of BOC's gases division. He will join the company on June 1.

The former chief executive, Mr. Richard Odey, resigned last September after Barrow's decision to stop its major leather goods activities.

Two years ago Barrow's troubled tanning interests were placed into a new company, British Tanners Products, which Barrow jointly owns with the National Enterprise Board.

The group recently revealed problems at its Schrader Mitchell and Weir subsidiary where it alleged that losses are a result of "serious irregularities." A report on Schrader's by accountants Whinney Murray, has been passed to the Fraud Squad in Glasgow.

Mr. Way, a qualified engineer, has been a director of the 600 Group and was formerly managing director of Brooke Tool Engineering Holdings. He has been with BOC's gases division for five years.

"A year of growth and achievement"

STATEMENT BY THE CHAIRMAN, MR. A. M. HODGE

To be presented at the Annual General Meeting on March 20th, 1979.

New Policies Increased By Over 25%. Pensions Business Expanded. Bonus Rates Raised. Social Responsibilities Met.

GROWTH AND ACHIEVEMENT

During the past year, thanks to Draconian measures taken to control both prices and wages, the rate of inflation fell to a figure which, though still terrifying, was less by a long way than many of us had feared. In previous statements I, and my predecessors, have had sad cause to point the finger of criticism at governments of one complexion or another whose abnegation of their duties "nursed the pinion that impelled the steel". It is just, therefore, to acknowledge what has been achieved, even if it appears only too probable that these painful gains are now to be cast aside in a confrontation between Trade Unions and Government in which neither side can win, and national loss is inevitable.

The achievement in the past year, when earnings increased in real as distinct from monetary terms, made a healthy climate for all engaged in promoting national savings, and the life insurance industry as a whole found a buoyant demand for its products. I am glad to say that Standard Life did more than merely reflect the general market trend. Our percentage increase in new premium income was substantially more than the average. This reflects not simply the qualities of the products we have to offer the public but also the skill, knowledge and industry of those engaged in selling them, coupled with the service and support they receive from their colleagues on our administrative staff. They have all done well. The figures speak for themselves. We issued, in the United Kingdom, over 80,000 policies, an increase of more than a quarter as compared with the previous year, and this with virtually no increase in the number of our sales staff. On average each of our inspectors sold 360 policies and generated new annual premium income of over £80,000, which is about half as much again as in 1977. Our pensions sales staff also handled substantially increased business. At Head Office and in our Regional Offices all this increased volume of work was handled by a staff who numbered fewer than in 1977. This is a magnificent achievement which reflects the greatest credit on all concerned. In the Republic of Ireland the results were equally encouraging.

NATIONAL PENSIONS

The date which so long loomed large on our horizon, 6th April 1978, has come and gone. This was the day on which decisions to contract-out of the new State pension scheme, established by the Social Security Pensions Act 1975, became effective. Preparations for meeting the requirements of the Act, for amending existing schemes and introducing new ones have been a major pre-occupation ever since the Act was passed. We set great store on our reputation for the efficient adminstration of our pensions business and all sections of our organisation are to be congratulated on their success in coping enthusiastically with the additional work-load resulting from the Act, and from substantial increases in business. What proved to be a formidable challenge was triumphantly met.

Some figures may illustrate just how formidable the task was. More than 250 new clients and over 750 of our existing clients sought to contract out and all of them received their certificates in time. More than that—over three-quarters of these schemes which contracted-out did so using definitive documents, an achievement which we believe to be unique. The staff involved in this work deserve every praise, especially when they were simultaneously engaged in coping with the work necessary to comply with the legislative requirements on preservation, equal access, employment protection and the like. The burden thus placed on the shoulders of employers, trustees and insurers alike may be gauged by the fact that even our team of proved ability cannot improve on an estimate that it will take about a year to clear the work now piling up on their desks through the sheer weight of this legislative action. We are surely due for a breathing space and a period of consolidation though the omens for this are not favourable. The Occupational Pensions Board, for example, has been charged with consideration of means of ensuring the solvency of pension funds, and of the thorny problem of the preservation of pension rights when an employee changes his job. I am not convinced that either is a suitable subject for legislation. We must never lose sight of the fact than an employer who sets up his own pension scheme is normally seeking to provide benefits for his employees in excess of those provided by the State. It is a decision he has chosen to make for their benefit, and deserves encouragement, rather than, through legislative action, being made a burden which may be too great for some to bear.

THE INSTITUTIONAL IMAGE

This year has seen a good deal of comment, and even some legislation, about both the role and duties of insurance companies as a source of funds for public and private investment alike, and also their relationship with their policyholders. The evidence which the industry submitted to Sir Harold Wilson's committee must have gone a long way to convincing anyone of open mind that any shortage of finance for investment in industry cannot reasonably be laid at the door of insurance companies. Another fallacy which has been much aired in some quarters is that the institutions act in concert to make available, or to withhold funds from either the public of the private sector of the market in order to bring pressure to bear—the so called "investors strike". This will not stand critical examination for a moment. We live in a highly competitive world, one in which it is sometimes hard to secure general agreement among life offices about matters where their interests are clearly at one (scales of commission, for example). It would be astonishing if offices were to give up their rights to their own investment decisions and policy in order to toe a party-line. It should not be a matter of surprise, however, that numbers of skilled investors may independently come to similar conclusions about the economic health of the country, and frame their policy accordingly, but this is a long way from concerted and deliberate action. The Chief Secretary to the Treasury recognised as much when, a few weeks ago, he went so far as to acknowledge that the support which insurance companies and pension funds had given voluntarily to the Government's borrowing programme had far transcended the bounds of anything he would have thought it reasonable to attempt to achieve by compulsion. Long may it remain so!

Some of the legislation to which I refer is welcome, some is harmless and some I believe to be unnecessary but all of it adds to the costs imposed on our policyholders. New regulations affecting intermediaries are coming into effect and as an office which obtains its new business through an agency system we welcome the efforts to enhance the status of the insurance broker. We must however wonder at times whether some of the protection which it is sought to provide for consumers is not against evils which exist mainly in the imagination. All too readily the industry is presumed to be guilty until it proves its innocence. Comment in Whitehall, and even in Fleet Street, tends to concentrate on the alleged shortcomings of insurance companies, and not on the fact that in Britain we have a life assurance industry which, by and large, has served its clients well, has made a major contribution to national prosperity, and which is as competitive in price and as efficient in service as its counterpart in any other country.

An example of the type of attitude to which I refer was provided recently by the Department of Fair Trading. They issued a press release reporting their Director as having, in a speech in Glasgow, criticised the sales methods of insurance companies as not being in the interests of the consumer. These criticisms were not well founded, as could readily have been confirmed before they were publicised, and the incident throws more light on the state of knowledge within the Department than on the alleged shortcomings of a major industry.

OUR SOCIAL RESPONSIBILITY

During 1978 we invested in the United Kingdom and Republic of Ireland rather more than £3m. each week. This is not a task to be taken lightly. Most of our Stock Exchange investments were made in Government Stocks—we increased our holdings during the year by £131m. We did not feel that the climate for the growth of earnings, and thus of dividends, was sufficiently favourable either here or in U.S.A. to large scale investment in ordinary shares. There is, at least in this country, no sign of an immediate change, and in some respects indeed even cause to fear worse to come. The causes of our malaise are barely in dispute but remedies are harder to seek. In some quarters one finds a reluctance to face reality, and a search for solutions which seem curiously irrelevant and even naive. It requires a trusting mind, for example, to believe that the introduction of "industrial democracy" by way of two-tier Boards or "worker" directors would, in some magical way, make industry in Britain as competitive as, say, its counterparts in Germany, yet if our industrial society is to survive and prosper we cannot be content with less. Stock Exchange securities are not, of course, the sole outlet for equity type investment. We have built up, over the years, a large portfolio of property investments. Our policy has been to concentrate mainly on new developments rather than to purchase completed properties which, at least at today's level of yields, we do not consider to be attractive investments. Our expenditure therefore tends, where major projects are concerned, to be spread over lengthy periods, to be measured in years rather than in months. During the year we committed ourselves to finance a number of large schemes including a major and imaginative office development in the City of London.

Property investment can evoke an unthinking response, which deplores the investment of policyholders' funds in projects of doubtful social worth. The truth is quite other. We aim to hold a balanced property portfolio of roughly equal proportions of office accommodation, shops, and industrial premises. Clerical staff need places to work just as much as manual workers need factories. Shops, apart from being an essential part of the distributive system, as was so clearly demonstrated by the public response to the threat of shortages caused by the recent lorry-drivers dispute can sometimes claim to be significant earners of foreign currency. The bus loads from France and Belgium who weekly beat a path to the doors of the major shopping centre financed by our money, at Brent Cross, are evidence of this. So, on an admittedly smaller scale, is the similar traffic between Scandinavia and the North of England. I take considerable pride in thinking that our investment has provided over 9,000,000 square feet of industrial and warehouse accommodation and that forward planning for a further 1,500,000 square feet has been completed. In Scotland property development provides greater opportunities for equity type investment than does the Stock Exchange and I am pleased that we are taking advantage of this. About 20% of our U.K. property portfolio represents investment in Scotland, ranging from offices and shops in the main cities, with a major shopping centre in Stirling, to our new industrial developments in the Lothians and in Fife. Truly our policyholders have no cause to be ashamed of the use to which their funds are being put.

For in all our investment transactions we must never lose sight of the fact that the vast assets appearing in our balance sheet belong, not to a soul-less corporation, but to a host of men and women who have paid Standard Life the compliment of asking us to safeguard their savings for them. I quoted earlier Mr. Joel Barnett's tribute to the spirit which the institutions have voluntarily shown in their support of Government borrowing. The composition of our property portfolio is further proof of how seriously we take our responsibilities to the private sector of the community. We are, I think, entitled to ask whether either the country, or our individual members could possibly benefit by these reponsibilities falling into the hands of some Government authority either by direct nationalisation or by the imposition of some form of direction of investment.

CANADA

At the beginning of the year the Manufacturers Life Insurance Company approached us with a suggestion that our Canadian business might be transferred to them, and after careful consideration we entered into negotiations accordingly. It was a matter of great regret to me, and to my colleagues here, that our Advisory Board in Canada were unable to share our view of the merits of the proposals. In consequence they asked to be relieved of their responsibilities at the end of our financial year, and their Chairman, Mr. L. G. Rolland, resigned from the Board of Directors. In the event, as announced in the press at the time, owing primarily to legal difficulties it did not prove possible to bring the scheme to fruition.

As a result we have carried out a re-appraisal of our Canadian operations and the Board has affirmed its determination, not only to continue to operate in Canada, but to seek to develop and expand our business there where it can be done profitably. Fortunately, some of the factors which had caused disquiet now seem, possibly, to be less pressing than they appeared a year or two ago. The provisions for the use of the French language as contained in Bill 101, for example, as they seem likely to be applied in practice may be less onerous than we at one time feared. Inflation, thanks to two years' acceptance of the constraints of the Anti Inflation Board has been checked. One senses a calmer approach to the possibilites of a separatist Quebec than that which gave the overseas observer cause for concern a year or two back. All this adds up to a more propitious climate for a long term business such as ours.

Mr. J. C. Burns, President Canadian Operations, and his executive are actively reviewing the working of our Canadian Branch and I am confident this will lead to an even higher standard of service to our policyholders in Canada in future. In addition we propose to give them a more direct participation in the inner councils of the Company and to this end we are proposing to invite three leading Canadian businessmen to join us. I am delighted to be able to announce that Mr. H. W. Macdonell, Q.C., who was formerly a member of our Advisory Board in Canada, has already accepted such an invitation.

I should like to express the appreciation of the Board to the retiring members of the Canadian Board for their devoted service to the interests of the Company and to the executive and staff in Canada who during a difficult year have still managed to increase our new sums assured by over 10%.

BONUS

The favourable features mentioned in the opening paragraphs of my statement are reflected in the surplus disclosed by the annual valuation. On the one side of the account the fall in the rate of inflation, and the increase in our operating effiency, have gone some way to offset the effects of rising costs, while on the other we have seen an increase in the earning power of our funds. The fears at which I hinted last year have not been realised, but it would be idle to ignore that in the short term there are no great grounds for optimism. We face once more the prospect of higher rates of inflation and while in such conditions we might expect to be able to invest at nominally higher rates of interest they cannot possibly be to the benefit of long term business such as ours. I feel bound therefore to repeat my warning that while Standard Life is as well placed to earn profits as any insurance company it is by no means certain that conditions will permit an indefinite continuation of the present levels.

But, having, as I feel I must, entered this qualification, there is no doubt that the past year has been highly favourable and our earning power has increased. It would be carrying actuarial caution to extremes to deny the benefits of this to our members because of the doubt that things may get worse in future. We have therefore decided to increase the rates of reversionary bonus applicable to policies issued in sterling or in the currency of the Republic of Ireland. Upward adjustments in the rates of terminal bonus have also been made. I am confident that these decisions will maintain our enviable record as a leading office for with profit policies.

STAFF

During the year we lost the services of a senior member of our executive. Simon Keppie, after forty years' service, retired in July from the post of Assistant General Manager (Finance). For the last fifteen years of his service he had been involved in investment work, but he had also given sterling service in most of the spheres of the Company's operations. His experience and quiet determination will be missed.

Our Chief Medical Officer, Sir John Croom, also retired during the year. He was appointed in 1946 to the post which his father had held before him. The association of Sir John's family with Standard Life thus goes back for sixty-five years and we have great cause to be grateful for the quality of the work he has done for us. We hope that our new pensioners may have long and happy retirements.

I referred earlier to our staff, and how their work had grown in volume, thanks to increased business, and become more complicated, due to increased legislative activity. It would be only too easy to take for granted the efficiency with which our smooth-running machine has handled these increases, but it would be wrong. It is the skill, the interest and the enthusiasm of our staff which have set the standards which keep us in the forefront of our industry and I should like, on behalf of the Directors and the policyholders, to express to them our warm thanks for a good year's work.

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REAL LIVING STANDARDS BY DOUGLAS JAY

Britons may be better off than they think

HOW MUCH richer or poorer is the average Briton in terms of real consumption of goods and services, not merely money incomes, than those in other western countries? Comparisons continue to be widely made, described as being between Gross Domestic Product or even "standards of living," which are merely comparisons of money incomes calculated according to prevailing exchange rates, and make no allowance for differences in purchasing power. These are highly misleading and do not compare standards of living at all. If at existing exchange rates one country's price levels are half another's, the low-price country will require only half the money incomes of the other to secure the same real income; so that a purely money comparison is worthless. This is particularly relevant to comparisons involving the UK.

Comparison

Far the most thorough and authoritative attempt to achieve a genuine comparison of real standards has been built up over recent years by a statistical *team working for the Statistical* Office of the United Nations and World Bank, led by Messrs. Kravis, Heston and Summers, under the title: *International Comparisons of Real Product and Purchasing Power* (published by the World Bank). The first results of this were published in the Financial Times on December 2, 1975 and showed many conventional assumptions to be wrong. They related to 1970, and covered both real GDP per head and consumption per head. Real consumption per head in that year—i.e., the standard of living—in the UK was shown to be very similar to that of France and Germany, about 62 per cent of the U.S., and a long way above both Italy and Japan. The reason why our real consumption remained comparatively high was partly our lower level of prices, but also partly the fact that we were consuming a higher proportion of our GDP than Germany, France or Japan, though not then the U.S.

The UN team have now brought these illuminating figures up-to-date for 1973, by a further detailed investigation *of consumption and prices in* many countries, and by a more rough and ready "extrapolation" to 1975. These new UN statistics show how much nearer *the UK's real standards still* were in 1973 to those of other western countries than the crude money comparison suggests. For instance, in 1973, the UK's GDP per head in crude money terms was 50.6 per cent *of GDP in the U.S., but in real* terms 60.6 per cent of it.

Real terms

Even more striking, in money terms GDP per head in the UK in 1973 was nearly 40 percentage points lower than West Germany (50.6 per cent of the U.S. against Germany at 89.4 per cent of the U.S.) but in real terms 17 points lower (60.6 per cent against 77.4 per cent).

The main comparison between real GDP per head in the various countries in 1970, 1973 and 1975 is given by the UN survey as a percentage of the U.S. figures as follows:

Real GDP per head as per cent of U.S.

	1970	1973	1975
France	73.2	76.1	79.5
Germany	78.2	77.4	79.2
Italy	43.2	47.0	47.1
Japan	59.2	64.0	65.1
Netherlands	68.7	68.4	70.5
U.K.	63.5	60.6	62.0
U.S.	*100.0*	*100.0*	*100.0*

This table of course measures the ratio of a country's GDP to that of the U.S., so that a steady percentage does not mean a stagnant GDP; but merely one rising at the same rate as that of the U.S. A fall similarly means, not an absolute fall, but a failure to keep up with the U.S. The figures show that the UK has moved ahead about equally with the U.S. between 1970 and 1975, but also that since the UK accepted the Common Agricultural Policy, France and Germany—partly perhaps for this reason and partly doubtless for others—have gained relatively to ourselves. Further "extrapolations" to 1976 and 1977 can be made, which show no great change in comparative GDP between the countries in the list.

The above figures measure *real GDP, not real consumption* or the standard of living. Since a country may save more or less out of its GDP, real consumption is far from being the same thing as *real GDP*. Figures of real consumption per head are therefore also given by the UN survey for 1970 and 1973 (though not carried forward to 1975) as follows:

Real consumption per head as a percentage of U.S.

	1970	1973
France	65.9	67.9
Germany	64.7	63.9
Italy	47.9	47.4
Japan	49.3	53.5
Netherlands	62.9	60.3
UK	62.5	62.2
U.S.	100	100

These are remarkable figures. They show, contrary to so many assertions and virtually for the first time, that at any rate up to 1973, there were only a few percentage points difference between actual living standards in the UK, France, Germany and the Netherlands. Indeed in the case of Germany, the difference is within the margin of statistical error. Italy was markedly lower in both years.

Two morals

Two clear morals emerge from this study. First it is another sharp warning that if the UK continues to devote so much less of its income to investment than its rivals (other than the U.S.), then we must expect to lose further ground in the future. The UN figures do not question, but confirm, the belief that UK productivity and investment are too low. There can be no dispute on this score.

Secondly, however, the marked difference between the figures of money and real income show that our comparatively high living standards, at least up to 1973, were also partly due to the policy followed up till then of buying essential imports as cheaply as possible. How far that advantage has been eroded by the CAP, only the next batch of figures from *the UN study can show. Probably*, if a vigorous enough effort were made to keep food prices down nearer to world levels, some of it, and therefore our present standards, can still be preserved. And in any case it *is well that the fact should be* known.

Money supply targets criticised

By Peter Riddell, Economics Correspondent

THE GOVERNMENT'S rigid adherence to quantitative targets for the growth of the money supply is a source of chronic instability for both domestic financial markets and damages industrial confidence, *according to City stockbrokers* Phillips and Drew.

In their latest gilt-edged review, the brokers argue that the setting of official targets for sterling M3, the broadly defined money supply, has led to gyrations in *capital flows and* interest rates because of its impact on expectations in the gilt-edged market where the burden of adjustment falls.

Phillips and Drew say that neither the introduction of a *tender system for selling gilt-*edged stock nor the creation of new types of public sector securities offers a solution to the problem of financial instability.

Other central banks, notably in Switzerland, have found the setting of monetary targets to be an inappropriate means of implementing a policy aimed at maintaining financial stability.

The brokers argue that the financial framework in the UK is compatible with the authorities' pursuit of exchange rate stability and there is no need to risk undue volatility in the domestic financial markets.

Swiss

The UK authorities would be well advised to consider the Swiss example and abandon a quantitative monetary target in favour of securing an objective in terms of the exchange rate, with a related financial policy.

Phillips and Drew note that the target of a narrowly-defined money supply or a shift away from money supply control towards control of the banking system's reserves, which in practice would be the channel through which control over narrow money supply would be achieved, is a viable option.

The chief problem with setting a monetary target in terms of a widely-defined money supply and implementing monetary policy through direct *control over a wide money* supply measure is that it would require a significant extension of official control over the financial system, through the regulation of building society operations and possibly also local authority borrowing policies.

هكذا من الأصل

Call up the Dodge Commandos. Any time. Any place.

Whatever business you're in, whatever service you have to provide, you must have reliable, cost-effective transport.

A Dodge Commando truck will give you precisely that.

It can actually help cut distribution costs and achieve more efficient delivery operations.

How?

We're not going to back that claim with a long, tedious argument that quotes computerised figures with three decimal places, just to identify the odd penny you might save here and there.

Because we're offering you the opportunity to discover for yourself just how good the Commandos are.

An open invitation to all companies that have never bought a Dodge Commando.

You may well be reasonably pleased with the vehicles you're running now. Or perhaps not.

But in any event, shouldn't you at least give yourself the chance to prove once and for all that you're as happy as you think you are?

Call up the Dodge dealer near you. Ask for a Commando demonstrator. For a couple of hours, or a couple of days. A week, even.

And if a week is not enough, say so.

Take the truck away. Try it out on your toughest route.

We promise there will be no obligations on your behalf. Except to return the truck.

And there will be no hard sell from us. Except that, when asked, we will quote a very competitive price. And we also reserve the right to tempt you further with extra-fast delivery.

But the vehicle's appraisal, we'll leave to you. And to your drivers.

However, just in case you'd like some real evidence that Dodge Commandos can cut your transport costs – before you spend a few pence phoning the Dodge dealer – read on.

National fleet operators are calling up more and more Dodge Commandos. Ask them why...

Ask Carlsberg. "It's reliability and economy that are most important to us. Our vehicles clock up a big mileage and the routes covered combine long, fast runs with constant stopping and starting in delivery areas. In our experience, the Dodge Commando G16 is the best truck for the job."

Ask Debenham's. "Since the introduction of Dodge Commandos, our operating costs have reduced considerably. Their excellent reliability record is confirmed by the fact that time off road has been reduced beyond all reasonable anticipation."

Ask National Carriers. "We've had experience with all British tractors of around 18 to 20 tonnes GCW. And currently, the Dodge tractors satisfy our needs in terms of specification and reliability better than all the others."

Ask Arrowfast Express, Robirch, Watney Mann, Scot Bowyers, Walls Ice Cream, London Co-op, Weetabix. Ask anyone.

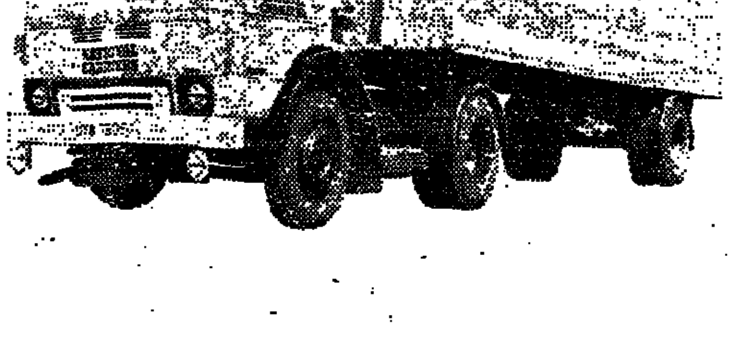
Call up a Dodge Commando. Call one up now.

Dodge Commandos cover the entire weight range from non-HGV 7½ tonnes GVW through to 20 tonnes GCW.

All the rigids offer a wide choice of engines, drivelines, wheelbases and bodies. So you can specify a Commando that delivers the right balance of performance and economy for your operation.

Contact your Dodge dealer. Tell him you want proof that the Dodge Commando is a better truck than the one you're using now.

He's ready and waiting.



DODGE COMMANDO RANGE

G08
4x2 rigid, 7.38 tons GVW
Choice of two engines, four or five speed gearbox, single or two speed axle, three wheelbases.

G09
4x2 rigid, 8.5 tons GVW
Choice of three engines, four or five speed gearbox, single or two speed axle, three wheelbases.

G10
4x2 rigid, 9.7 tons GVW
Choice of two engines, four or five speed gearbox, single or two speed axle, four wheelbases.

G11
4x2 rigid, 11.2 tons GVW
Choice of four engines, four, five or six speed gearbox, single or two speed axle, five wheelbases.

G12
4x2 rigid, 12.0 tons GVW
Choice of four engines, five or six speed gearbox, single or two speed axle, five wheelbases.

G13
4x2 rigid, 13.0 tons GVW
Choice of four engines, five or six speed gearbox, single or two speed axle, five wheelbases.

G15
4x2 rigid, 14.5 tons GVW
Choice of four engines, five or six speed gearbox, single or two speed axle, five wheelbases.

G16
4x2 rigid, 16.0 tons GVW
Choice of four engines, five or six speed gearbox, single or two speed axle, five wheelbases.

G18
4x2 tractor, 18.0 tons GCW
Six cylinder in-line turbocharged diesel, five speed gearbox with single or two speed rear axle.

G20
4x2 tractor, 19.68 tons GCW
Six cylinder in-line turbocharged diesel, five speed gearbox with single or two speed rear axle.

Your Dodge dealer will advise you on availability of different engine and gearbox combinations for each model.

Demonstrators are on offer subject to availability. Consult your dealer for full details about all conditions relating to the use of Dodge demonstration vehicles.

Dodge Trucks

DODGE COMMANDO

CHRYSLER
UNITED KINGDOM

UK NEWS—LABOUR

Nurses continue industrial action as pay talks halt

BY PAULINE CLARK, LABOUR STAFF

RESUMED pay talks covering 400,000 nurses were adjourned yesterday without a settlement and no date fixed for a further meeting.

About 200 nurses, members of the Confederation of Health Service Employees demonstrated outside the Department of Health in London, as unions and management met.

Selective industrial action by 130,000 of the union's members will continue until the pay dispute is settled.

The Royal College of Nursing, the second biggest union, has decided not to join the action but to put pressure on the Government through demonstrations and a public petition.

All unions representing nurses are united in rejecting a 9 per cent pay offer plus £1 in advance of a comparability study. The nurses are demanding more than the £1 and are insisting that the first payment to result from the study should be made in April and not in August as the Government has proposed.

A joint statement after yesterday's talks said that there was disappointment that negotiations could not be completed because the Government had not yet given its final decision on the dates for implementation of the study and on the amount of the proposed on-account payment from April, 1979.

Mr. David Williams, assistant general secretary of COHSE and secretary of the staff side said that a realistic response to the nurses' claim had been expected yesterday and that the delay was a source of increasing frustration.

The nurses want the Government to take into account in this year's pay round an undertaking given in April last year by Mr. David Ennals, Secretary of Social Services, that their claim for payment in lieu of productivity would be considered. The unions insist that a response to this claim should be part of last year's 10 per cent settlement.

The unions' submission compared nurses' pay with the general level of non-manual earnings since 1974 when the Halsbury Report completed the last major review of nursing pay. The increases recommended place nurses three-quarters of the way up the pay scale for non-manual women workers but since then pay had fallen back in relation to other groups.

Average earnings of registered and enrolled nurses are put at £54 a week compared with £86 for women primary school teachers.

● The National Union of Public Employees continued yesterday to step up industrial action in hospitals throughout the country in the pay dispute affecting its hospital ancillary workers. Areas affected included Manchester, Liverpool, Birmingham, Harrogate, Doncaster and Shrewsbury.

Hugh Routledge

Nurse Mrs. Amelia Curtis, from Leicester General Hospital, holds a baby doll adorned with the slogan "Nurses Pay—Jim's Baby," which a group of nurses delivered to No. 10 Downing Street, as pay negotiations resumed.

Protest at Rank closed shop

BY JOHN MOORE

A SHAREHOLDER protested yesterday about the Rank Organisation's closed shop policy.

Mr. Thom Robinson claimed at the group's annual meeting in London that there was opposition to a closed shop agreement among employees of Rank Toshiba.

He said that two employees had been sacked in October, 1978, because they declined to join the Electricians and Plumbers' Union.

Mr. Robinson added that although there had been requests for a ballot on the issue of the closed shop this had been refused by Mr. Hugh Crichton-Miller, managing director and the union's area secretary.

Mr. Robinson claimed that on the day of the sacking, 430 employees signed a petition at the company's main plant in Ernesettle protesting at the closed shop and 44 workers walked out.

Mr. Harry Smith, chairman of Rank Organisation, told Mr. Robinson, a member of the Freedom Association, that, while sharing concern over closed shop agreements, the group had to take into account the general situation.

"Closed shop agreements are not against the letter or spirit of the law," he said.

'Anti-Concordat' by Left-wingers

A LEFT-WING attack on the recent TUC-Government statement on wages and industrial action, dubbed the "concordat," is published today by a trade union pressure group called the Rank and File Centre in North London.

Signed by 100 union members the "Anti-Concordat" is intended to mark the start of a campaign for free collective bargaining to coincide with the trade union delegate conference season.

Vauxhall men reject peace bid

By Alan Pike, Labour Correspondent

VAUXHALL strikers at Luton yesterday rejected a proposal for settling a dispute—over a man accused of punching a foreman—which has halted car production.

Transport and General Workers' Union shop stewards recommended 300 strikers to return to work and refer the issue to the Advisory Conciliation and Arbitration Service. The men, however, decided to call in national officials of their union and to meet again next Monday.

The TGWU members stopped work last week after Mr. Ray Perkins was dismissed for allegedly striking Mr. Brian Game, a foreman. Other foremen, members of the Association of Scientific Technical and Managerial Staffs, have warned that they might take action if Mr. Perkins is reinstated.

Mr. Perkins has denied punching the foreman and the TGWU strikers claim that the company failed to follow proper procedures in handling the case.

Vauxhall has lost production of more than 2,250 vehicles because of the dispute and 2,700 workers are laid off.

Pay pact for Tyne Metro

Union leaders have negotiated a pay agreement worth about £108 a week for drivers on the £160m Tyneside Metro rapid transit system.

Based on a Continental shift system, the agreement negotiated by ASLEF, the train drivers' union, will give the men a basic £72 a week plus £36 for extra responsibility and productivity.

The agreement clears the way for a dispute-free run-up to next year's introduction of the first "super-trams."

The Metro, already several months late, mainly because of labour troubles, should be fully operational in about two years.

Builders 'must pay going rate'

BY OUR LABOUR CORRESPONDENT

THERE WAS "little point" in building industry employers making a pay offer based upon the Government's 5 per cent guideline, Mr. Frank Gostling, president of the National Federation of Building Trades Employers, said yesterday.

"Coming, as we do, so near the end of the annual wages round we have seen this guideline figure overtaken in far too many instances to render it credible in our case," he said.

"So our attention will have to be directed to what is happening elsewhere. The phrase that seems to be on everyone's lips is 'the going rate,' whatever that may mean."

The employers will reply to a claim for substantial increases at a meeting with the unions in the Building and Civil Engineering Joint Board on March 27.

Mr. Gostling, speaking at the federation's annual meeting in London, gave no indication of what the employers would offer but complained that the union side had "not completely quantified what they are looking for in terms of pay."

The unions had said that guaranteed minimum earnings would have to rise by at least 20 per cent to keep pace with inflation. But in addition there were other pay aspects to the claim and "if you add these points in we are already talking about 50 per cent or more."

This, however, was not the end of the story. The claim also asked for sick pay at average earnings from the first day of absence and a shorter working week.

Mr. Gostling made it clear that the building employers will take the same firm line as those in other industries against a reduction in working hours. "We are not contemplating any reduction in the 40-hour week for the period of the forthcoming settlement or in the form of any forward commitment."

● Sir Derek Ezra yesterday made an appeal for the UK to adopt a positive, long-term approach towards the maintenance of its energy independence.

Speaking at the Building Trades Employers meeting, Sir Derek said the maintenance of our energy independence should be one of our prime objectives when the North Sea oil supply diminishes.

Nottingham miners voting on Teversal pit closure

BY OUR LABOUR EDITOR

NOTTINGHAMSHIRE 33,000 miners will ballot today on whether to take industrial action against the decision of the National Coal Board to close Teversal colliery.

If they vote for action, the national executive of the National Union of Mineworkers will consider putting into effect a recent executive decision about such closures, and hold a national industrial action ballot.

The North Nottingham area of the Coal Board said yesterday that a strike over Teversal "would be costly to the *industry as well as Nottinghamshire miners.*"

It said that it was investing £40m a year in the area, and *that all Teversal's miners would* be offered jobs elsewhere in the area. None would need even to move house.

The union, whose executive resolution concerns failure to agree about closures not due to the exhaustion of reserves, has argued that closure of Teversal in 1981 is premature when there are still 2.6m tons of coal in the Clowne seam. The Coal Board says that to extract these reserves would cause heavy losses and that working conditions would be difficult.

Vickers workers prevent machines leaving plant

BY OUR TYNESIDE CORRESPONDENT

WORKERS AT the threatened Scotswood Vickers plant at Newcastle upon Tyne decided yesterday to ban all finished parts leaving the heavy engineering factory.

Their action followed a management announcement that 230 of the 700 workers are to receive redundancy notices to take effect on April 6.

Among the heavy-duty parts blacked are four presses for Ford and Vauxhall and a sophisticated aircraft testing device for the Chinese Government.

Mr. Peter Tolshard, the works convenor, said they had decided to step up the campaign because they felt the redundancy notices should have been suspended pending talks with the Government on ways of trying to save the plant, which is due to close completely in September.

Dismissal suit too late

A FACTORY worker was advised by an industrial tribunal chairman yesterday to consider taking legal action against a solicitor who had advised him to drop a claim of unfair dismissal.

A workmate, also dismissed after a dispute over voluntary overtime, had ignored the solicitor's advice and had been awarded compensation of £5,087, the tribunal at Shrewsbury was told.

Mr. Thomas Hitchen, aged 44, a ceramics sprayer, of West Avenue, Middlewich, Cheshire, was refused a hearing of his application because it was too late.

His first application—withdrawn on legal advice—had been made within the statutory three months; the second, five months late, had been made following the award to his workmate, the tribunal was told.

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UK NEWS — PARLIAMENT and POLITICS

Legislation planned to ease court disruption

BY IVOR OWEN

EMERGENCY legislation is to be introduced by the Government to help the Scottish courts overcome the dislocation caused by the strike of clerks and other officials in support of the civil servants' pay claim.

This was announced in the Commons last night by Mr. Bruce Millan, the Scottish Secretary, after his appeal for a return to work was rejected by the Civil and Public Servants' Association and the Society of Civil and Public Servants.

The Bill, to be published tomorrow, will enable the maximum period of 110 days during which an unconvicted prisoner may be detained in custody, to be extended to take account of the period when normal procedures cannot be followed because of industrial action.

Other time-limits affecting parties to both civil and criminal proceedings, will also be modified.

Mr. Millan explained that provision would be made to enable time limits to be extended so that anything which should have been done during the period of industrial action could be done during a period of one month thereafter.

This would cover such matters as the three-year period within which claims for damages for personal injuries must be raised.

The Bill would enable a judge of any court to do anything during the period of industrial action in relation to the business of the courts which would otherwise have to be done by a clerk of court, sheriff clerk, or officer of the court.

It would also allow him to authorise any person "to do any of these things."

Courts would also be empowered to accept copies of documents, when this would enable progress to be made in appropriate cases.

Responsibility for the strike was pinned firmly on the Government by Mr. Nicholas Fairbairn (C. Kinross and W Perthshire), in a speech from the Opposition front bench.

He contended that the way in which the civil servants' pay claim had been handled had resulted in trustworthy men, who had served the Scottish courts faithfully for many years, mistrusting the word of the Government.

> 'We have never before achieved a situation where justice was silent and mercy was gagged'

Mr. Fairbairn said the Opposition could not condone the strike, but he called on the Government to take the action needed to enable the men to return to work with honour.

Mr. Fairbairn said that not since 1532 had the citizens of Scotland had to recourse to law. "We have never before achieved a situation in this country where justice was silent and mercy was gagged," Mr. Fairbairn said.

Mr. Fairbairn said hundreds of civil law cases were in suspense, and that matters were more serious in the question of criminal law.

Mr. Fairbairn said the Government was to blame for these men "scrapping justice and throwing mud in the face of justice."

Appealing to the civil servants to return to work, he said the Government had an equal duty to remove the obstacle and to make it possible for them to return in honour.

He accused ministers of indolence in the face of the near paralysis of Scottish justice and claimed that they would have taken a different attitude had the Old Bailey been on strike.

Support for the Government's action came from Liberal Jo Grimond.

He said he believed Government policy was responsible for some of the strikes being suffered, but this did not excuse strikers of the type disrupting the Scottish courts.

Mr. Grimmond (Orkney and Shetland) told MPs: "I am critical of the Government's policies, but there is a dangerous tendency in this country to blame the Government for everything and anything."

Mr. Millan maintained that strike action six weeks in advance of the operative date for the pay settlement—April 1—could not be justified.

Implementation of the award based on the findings of the Pay Research Unit would have to be staged, and the Government had already given assurances that the staging would be completed by April 1, 1980.

Mr. Millan also made it clear that the first instalment of the award would be payable from April 1, 1979, if necessary retrospectively, in the event of the current negotiations not resulting in a settlement by that date.

Foot into the breach once more

BY PHILIP RAWSTORNE

THE Prime Minister was at the Paris summit, and Mr. Michael Foot made quite a political point of it in the Commons yesterday.

Mr. Callaghan's valiant defence of British interests had been unmatched, it seemed, on French soil since Henry V.

Deputising at the despatch box with self-effacing loyalty, Mr. Foot seven times summoned MPs to pay due tribute.

The Prime Minister had gone again into the breach, and the Leader of the House did his best to stiffen the sinews at home against the EEC budget and the common agricultural policy.

Not that Mr. Callaghan really needed reinforcement, as Dr. Edmund Marshall (Lab., Goole) pointed out.

The Prime Minister had more than 10½ years' Cabinet experience: a tenth of the Labour Government's combined wisdom, but well over half what could be mustered on the Tory front bench.

It scarcely needed statistics to prove that the Conservatives were unfit to govern, Mr. Foot remarked, smiling at the advancing Mr. William Whitelaw.

Mr. Whitelaw, alike deputising for his leader, launched himself into a vigorous attack on the rates.

Mr. Foot professed disappointment. "I thought at first he was coming to congratulate the Prime Minister on his excellent speech in Paris," he said. "But apparently it sticks in the throat of the Opposition."

In fact, Mr. Foot thought the whole Commons would wish to welcome Mr. Callaghan's declaration.

No one came forward, so Mr. Foot mentioned it again anyway. "The Prime Minister stands for British interests in Paris," he told Dr. Maurice Miller (Lab., East Kilbride) who had been vainly trying to find out where Mr. Callaghan stood on devolution.

Mr. Dennis Skinner (Lab., Bolsover) attempting to foist an alternative Budget on the Government, unwisely commented on the EEC's "rake's progress."

"I see you agree with the speech of the Prime Minister," Mr. Foot said in welcome while discarding the Left-winger's pack of policies.

Labour cheers rose when Mr. Neil Marten (C., Banbury), a veteran opponent of the EEC, at last emerged from the silent Tory ranks.

The Prime Minister's efforts to cut Britain's contribution to the EEC budget would reduce public expenditure and must have the support of the Tories, Mr. Marten remarked.

Mr. Foot smiled with satisfaction. "You put the point so skilfully and softly that I am sure it must have penetrated even the skulls on your Front Bench," he said.

All-in schools backed

MRS. SHIRLEY WILLIAMS, Education Secretary, yesterday fiercely defended the record of Britain's comprehensive schools.

She said that in one area, "O" level passes had increased by 95 per cent, while the numbers of candidates had risen by 24 per cent.

"Similar information has come from Sheffield, Leicestershire, Sussex, and many other authorities," she said during education questions.

Later, pressed by Mr. Mark Carlisle, Tory spokesman, about education records in inner-city areas, Mrs. Williams dismissed a recent comparison between Manchester and Tameside as "tendentious."

"It left out of account the fact that Manchester has far more families below the supplementary benefit level, far more receiving benefits, and more ethnic-minority families."

In a parliamentary written answer, Miss Margaret Jackson, Education Under-Secretary, told Sir Anthony Meyer (C. West Flint), that closures of 77 primary schools were authorised, 49 of them in rural areas. Two proposals were rejected, one urban, one rural.

Mrs. Williams attacked industrial action by public-service workers, which has affected nearly 2,000 schools over the last two months.

"The closure of schools in recent weeks has seriously disrupted the education of many children and could harm the prospects of those who will be taking public examinations this summer," she said, in a written reply to Mr. Kenneth Lewis (C., Rutland and Stamford).

Replying to Mr. George Gardiner (C., Reigate), she said nearly 2,000 schools had been closed for a day or more since January 22

Change in union law rejected

A FRESH Tory bid to give trade union members freedom to choose which party their contributions should support was defeated in the Commons yesterday. Voting was 200 to 162.

Mr. Richard Page (C., Workington) said that his Trade Unions (Allocation of Political Funds) Bill would give freedom of choice to the individual trade unionist to say where his or her levy should go.

He denied that the Labour Party was the only party that could work with the unions.

The trade union movement must have a "complete re-think" of its relationship with political parties.

Mr. Jeff Rooker (Lab., Perry Barr) said it was wrong to suggest that individual members had no freedom of choice. They could contract out of paying a levy.

Any move to pay a proportion of subscriptions to a political party had to be balloted.

Heath traces roots of industrial 'revolt'

BY PHILIP RAWSTORNE

BRITAIN'S industrial disruption this winter had been "a revolt against stagnation," Mr. Edward Heath said yesterday.

It had been a revolt against the fact that the country had no real means of meeting the people's aspirations, the former Tory Prime Minister said at a lunch in London of the Westminster Chamber of Commerce.

To many large groups of people, the only way out seemed to be to go for higher and higher wage packets.

But Mr. Heath warned that dangers were already looming from a return to double figure inflation and higher oil prices.

Mr. Callaghan had been "not only right but over-generous" when he had set the limit on pay rises at 5 per cent.

"What we have now seen is that we, as a nation, are not prepared to accept the disciplines necessary to limit ourselves in that way," he said.

A combination of measures was now needed to achieve a steady expansion of production and to meet people's aspirations without refuelling inflation.

"We should be ready to use every measure at hand and not be dogmatic about finding a solution along one line of thinking alone," Mr. Heath declared.

The question was whether the country had the will to overcome its problems, he said.

"We as a nation, have got to make up our minds that we are going to overcome them, to work together. It cannot be done by one section of the community alone."

Mr. Heath said: "I believe that just under the surface, so many people want to do this, to work together for the good of the country, re-establish our economic position and regain the respect of the rest of the world."

Self-reform urged on Lords

By Elinor Goodman

FAR FROM being abolished, the House of Lords should take unilateral action to reform itself and take on the task of detailed scrutiny of legislation, the Association of British Chambers of Commerce argued yesterday.

In a booklet on reform of Parliamentary procedures, the association claimed that there had been growing demand recently for Parliament to reassert itself over the executive.

The House of Commons, it says, has shown itself reluctant to implement a reformed scrutiny procedure for legislation.

Criticising the recent report by the select committee on procedure for not going far enough, the association says that the House of Lords should step in to fill the gap.

Left move to protect index-linked tax

BY ELINOR GOODMAN

THE TWO Labour backbenchers responsible for the amendment to the 1977 Finance Act which links the level of personal income-tax allowances to the rate of inflation yesterday tried to protect their brainchild from any assault the Chancellor might be planning to make on it in his Budget.

On the eve of the Parliamentary Labour Party's meeting to discuss the Budget, Mr. Jeffrey Rooker and Mrs. Audrey Wise wrote to all Labour MPs insisting that the cost of fulfilling this provision was not as high as some reports had suggested.

To repeal it would mean dragging more low-paid workers into the tax net, they said.

The Chancellor could theoretically override the provision with the consent of the House, but most Labour backbenchers believe that he would not risk bulldozing such a provocative change through the House.

Those who fought hardest for it in 1977 evidently feel the need, however, to remind MPs just how important the provision is to low-paid workers.

The two MPs write that the indexation provision does not apply to the higher rate bands of tax and that any proposal to index these would have nothing to do with the 1977 amendment designed primarily to help the lower paid.

Quoting figures supplied by the Treasury, they say that the cost of the relief would be about £890m in a full year and not the "wildly inaccurate figure of £1.25bn put about by some sections of the media."

Overriding the indexation clause would, they say, mean that more low-paid workers would either be dragged into the tax net for the first time or find themselves paying 33 per cent at the margin instead of 25 per cent.

Moreover, failure to raise personal allowances in line with inflation would fuel the arguments of those who seek to undermine the welfare state by claiming that it does not pay to work.

● Labour Left wingers earlier called for an Easter bonus for Britain's eight million pensioners.

Mr. Rooker claimed a "Government conjuring trick" had cheated pensioners out of a 1.8 per cent increase due last November.

The shortfall meant pensioners lost 31 pence a week for a single person and 50 pence a week for a couple.

Complaints procedure tightened

By Paul Taylor

THE procedure for investigating complaints against local authorities is to be tightened up in some areas but there is to be no general increase in the powers of the Local Government Ombudsman, Mr. Peter Shore, Environment Secretary, said yesterday.

After examining a report on the workings of part 3 of the Local Government Act 1974 by the Commission for Local Administration — the Ombudsman for local government—Mr. Shore has agreed to accept six proposals and will consider a further four.

Among the recommendations accepted by Mr. Shore, and which will require amendments to the Act, is one which would give the Ombudsman unrestricted access to information and documents during an investigation.

Mr. Shore is also to consider whether New Town Development Corporations and the Commission for New Towns should be brought within the Ombudsman's jurisdiction.

However, Mr. Shore has rejected several proposals which would have widened the Ombudsman's power, including one which would have given the Ombudsman power to initiate investigations into matters other than those based on a specific complaint.

Ombudsman defends repayments

By Colleen Toomey

PEOPLE SHOULD not expect excessive and expensive "spoon-feeding" with information from government departments, Mr. Cecil Clothier, the Ombudsman, said yesterday.

In a report laid before Parliament, he rejected charges of Department of Transport maladministration in a £1m repayment scheme to motorists.

More than 100,000 people received a £10 refund last year after a decision from Sir Idwal Pugh, Mr. Clothier's predecessor, that they had been misled into over-payment of vehicle excise duty by faulty wording on a licence renewal form.

But 16 people complained about the repayment scheme.

They said they had failed to benefit from the scheme and alleged that the money should have been paid automatically rather than after claims.

They also said that there had been insufficient publicity. The Department spent around £50,000 in radio and newspaper advertisements. It also allowed 30 days from the announcement for people to apply for a claim form and a further 50 days to submit the claim.

Inquiry into Auschwitz

AN MP yesterday called for the release of all unpublished Cabinet documents on what he called the failure of the Allied Powers to bomb the outer buildings and railway yards of the Nazi camp at Auschwitz in the last year of the Second World War.

Mr. Eric Moonman (Lab., Basildon) said Mr. Michael Foot, Leader of the House, had promised to investigate and meet him again.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Costs less to talk

HEAVY telephone bills incurred by salesmen working from home underline another substantial sales expense—the time a salesman spends reporting by telephone, instead of being out with his customers.

Lanier is, however, offering a Post Office approved telephone transmission system, developed in the UK, which can dramatically cut down telephone usage.

Based on the Lanier Edisette II standard cassette dictation unit—a combined recorder and transcriber—the equipment has been modified to receive and play back recordings at normal or double speed and would be linked to the Post Office telephone network by a small switching device.

At home, each salesman is provided with an Edisette unit on which he dictates, in a conventional manner, his call reports, order schedules, internal memos or letters he wants sent to his customers. From his own telephone, he then dials a specially designated number at his regional or head office, automatically activating the Edisette to transmit his material at double speed to a similar machine at the other end. There, the machine plays back the recording at normal speed for transcription.

Double speed transmissions can be made at any time but obviously achieve even greater savings during off-peak periods in the early morning or after 6 pm. They also have an additional benefit—security. Anyone accidentally getting a crossed line will find the transmission unintelligible.

Lanier Business Products, 100 New Kings Road, London SW6 4LX. 01-736 0175.

Close check on calls

NEW ENTRANTS in the private telephone exchange monitoring market is Rack Data, 4, Auckland Close, Maidenhead, Berks. (0628 39975) which is marketing equipment from the French company Norex.

Based on a purpose-built minicomputer with 4k bytes of working memory and 80k bytes of floppy disc store the Norex Teleprintex can be connected to any PABX to obtain printed information about the cost, which extension has dialled out, the number of the subscriber that has been called (including country and area codes) together with the date and time at which the call was made.

Minimum capacity is 64 extensions and eight exchange lines, the maximum 256 extensions and 32 exchange lines.

● MAINTENANCE

Removes the grease

PARTS CLEANING and degreasing equipment for garages, haulage contractors, local authorities, company workshops and maintenance departments should result in cost reductions and simplification for this frequently messy task.

The Greasecater can also be used for cleaning electrical, as well as mechanical, components and it is available for sale from the manufacturers in a market hitherto dominated by rental schemes.

The equipment is built on a 14 and 16 swg steel hopper with adjustable hinged cover. The cover is fitted with a bulkhead light and safety switch, so that the equipment may be used in dark areas. The hopper will lock securely to either 25 or 13 gallon standard drums.

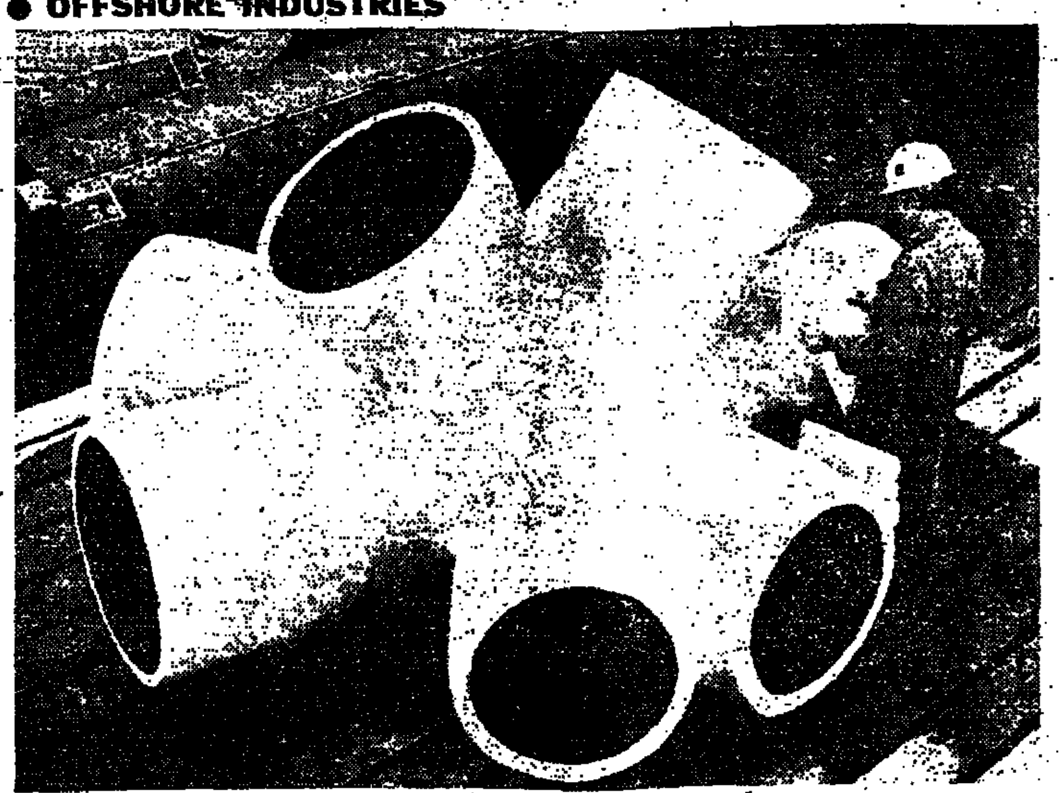
It has finished edges and is supplied fitted with perforated drainage tray and a metallic flexible solvent spray hose. Stuart Turner submersible pump with 120 gph capacity provides the solvent delivery pressure, and the fluid is cycled through three easily detached metal filters back to the drum.

Solvent supplied for the machine has been chosen to provide good cleaning, fast evaporation, and non-conductivity for electrical components and it has very little odour.

Local replacement of solvent, and machine servicing, is carried out by 20 distributors in the UK and Eire, the used liquid being collected by the distributors and returned to the manufacturer where it is refined to its original purity. The oil residue is used as an ingredient in other industrial products.

Greaseaters, Trinity House, Trinity Street, Colchester, Essex. 0206 63461.

● OFFSHORE INDUSTRIES



The size of this cast steel node can be judged from the height of the worker on the right. It will be shown to the oil industry for the first time at the XI Offshore Technology Conference in Houston in April/May.

Strengthens the legs

FOUR YEARS' development work partly supported by a £1m grant from the Ministry of Research and Technology has enabled the Hoesch organisation to develop a method of casting the complex steel "nodes"—the points at which the massive tubular legs and cross-braces of production rigs come together.

Hoesch points out that the method now used of fabricating these nodes is welding but that the technology is not satisfactory because of fatigue cracking across the weld areas. Moreover, in harsh North Sea conditions, steel rigs are suffering damage which is constantly aggravated and repairs, particularly under water, add greatly to operating costs.

Because of these considerations, Hoesch development staff came up with the proposal that welds should not be used for the centre portion of complex intersections but that the centre portion be cast in one piece.

During the development work, a casting steel was found with properties particularly suited to this difficult task, producing workpieces of high homogeneity.

It was also determined that to achieve the best results and provide high fatigue crack resistance it was preferable to produce compact castings with high wall thickness rather than large diameter tubular junctions with thin walls, as has hitherto been the practice.

Application of the Hoesch cast nodes means that the structure requires no stiffeners or reinforcement. The link welds, which join standard structural pipes to the cast nodes, are outside the critical zone of the node, easy to make and especially simple to check.

The company sees computer-aided design as a pre-requisite for the successful application of its new technology.

Development is not yet complete since research centres in and outside West Germany are carrying out a series of intricate tests on the castings to determine life expectancy, loading limits, deformation of nodes, etc., but preliminary results, says Hoesch, already clearly show the superiority of cast nodes compared with welding.

Hoesch Werke AG, Eberhardstrasse, 12 Postfach 1600, 4600 Dortmund, Federal German Republic.

● PACKAGING

Plastic bottles venture starts

FOLLOWING THE announcement last autumn (this page, October 10) that companies in the UK are investing more than £7m in the commercial production of plastic bottles specially for carbonated drinks, is the news of a newly created company, Carnaud GPG, which has commenced production of polyethylene terephthalate (PET) bottles at its factory at Minworth Industrial Park Birmingham (021-351 6337).

Carnaud Total Interplastic (CTI) has joined forces with GPG International to form the new company. CTI, said to dominate the French blow-moulded bottle industry, has produced bottles moulded in PET at its Chalon-sur-Saône factory for over a year and claims to have perfected moulding machines called ISBO, capable of injection moulding the bottle preform followed by blowing and stretching all in one sequence. Product developed by the company is known as the Orgaverre bottle.

Polyethylene base cup snapped on to the rounded base of the bottle achieves stability. Base cups will be injection moulded by CPG International and supplied to Carnaud GPG.

Initial production is concentrated on $1\frac{1}{2}$ litre capacity intended for the carbonated soft drink industry, and contracts are already under way, says the company, including supplies to major UK bottlers of soft drinks.

● ELECTRONICS

Distributors do well

THE ADVENT of large-scale integration and the microprocessor, the increasing influence of the foreign component supplier, the risky nature of investment in modern electronics—none of these things seems likely to restrain the growth of the electronic distribution industry in the UK.

For example, according to AFDEC chairman John Walker, the majority of micro chips are now being supplied through distributors, so that if the Government-seeded microprocessor "revolution" is to forge ahead, much will depend on these organisations which, says Walker, should no longer be labelled with the "middle man" image that they have frequently to put up with.

One of the objects of AFDEC (the Association of Franchised Distributors of Electronic Components) is to emphasise the importance of distribution in the UK, even though many in the electronics industry feel that it is a saddening substitution for the previous design and development activities.

AFDEC points out that although total components sales will grow by a predicted 8.6 per cent this year, sales through distributors will go up by 13 per cent.

The total 1978 market was assessed at £668m to the end user, including £253m of active and £435m of passive components and hardware. During 1978 it is estimated that 21 per cent of all sales to the market were via distribution; this year's figure will be about 22 per cent.

Checks the limits

FOR USE in conjunction with its recently introduced electronic component analyser AC5555, H. W. Sullivan of Archcliffe Road, Dover, Kent CT17 9EN (0304 202260) has now developed a limit comparator which plugs directly into the rear of the measuring unit and allows the user to pass components within a tolerance band.

The new device, designated AC5557, can be used to monitor either the left hand display of the bridge, which shows inductance and capacitance values or the right hand one which shows resistance, conductance or dissipation factor.

Thumb-wheel switches are used to set up the outer limits acceptable for the particular batch of components. High, low or pass conditions are then indicated by means of lamps.

At the rear of the comparator, TTL outputs are provided of these conditions, permitting connection to a recorder for example.

● DATA PROCESSING

Speeds process of the law

IN THE past few years, the legal profession has come to realise the importance of computer processing as an integral part of the litigation process. There have been numerous panel discussions on those subjects. Lawyers themselves have become concerned with the cost of litigation and the problem of adequately serving their clients.

Considerable time has been spent in designing a system for litigation support which can be applied regardless of the nature of the case. It is not cost-effective nor would it be satisfactory to lawyer users to have to design separate systems for each case. It was with this in mind that MCS designed a system which would permit universal application. In the U.S. a client has worked closely with MCS to adapt "Factfinder" to handle the majority of commercial litigation.

The first step in the process is the input of the entire deposition (and certain other types of court filed documents) into the system. The need for total deposition input is to enable the user quickly to find phrases and events in the case as to which a witness has testified. It was determined that full text is the most effective way of handling depositions.

There will be a subsequent modification of this text in that, on each page, there will be a commentary section on the bottom of the page for the lawyer or paralegal to make notes which will be equally retrievable.

The second step is that documentary materials will be put into the system in a digested version. These basically include all documentary material that is collected from all parties during the course of the litigation. The potentially relevant information that one would need about the document will be digested on a Document Coding Form. This is the most cost-effective way of proceeding and has many advantages over a full text system for documents.

The cost of a system is, of course, dependent on the size. From one to 24 visual display units may be connected with document storage media ranging from 10m characters to 1,200m characters. The smallest of these combinations would cost around £32,000, including everything needed to run the system. However, it is expected that a reasonable cost for the application will probably be in the region of £60,000.

At this level, MCS claims that considerable effective savings can be achieved, and that to some extent, the continual problem of the availability of suitably qualified legal staff can be overcome.

Mini Computer Systems, Park House, Park Street, Berkshire. 0628 71411.

● COMPONENTS

Will drive motors and actuators

AVAILABLE from Rapid Recall, 6 Soho Mills Industrial Park, Wooburn Green, Bourne End Bucks (06285 24961), is a package of Intersil devices complete with application notes which allows inductive loads up to 2.7 amps to be controlled from small analogue inputs.

The circuit is basically an operational amplifier driving transistor drivers which in turn feed power amplifiers, the ICH 8510, 8520 or the 8530, the largest of which can pass 2.7 amps at 24 to 28 volts. Gain is at least 100 dB.

The components have been specially designed to drive linear and rotary actuators, electronic valves, push-pull solenoids and either dc or ac motors. Protection is provided against shorts to ground.

● RESEARCH

Looking at the energy market

A STUDY to identify new business opportunities in the energy conservation field in seven countries has begun at Battelle's Columbus Laboratories.

Target is to provide information about new energy-efficient materials, products, techniques, and innovations and to identify potential market opportunities in Japan, Finland, Sweden, West Germany, Britain and the United States. The study is being sponsored by nearly 30 companies.

Investigations will be conducted in each of the countries to identify new energy-efficient items that are being used with apparent success in industrial plants, buildings, and residential dwellings.

Results of the research will be useful to companies for licensing new products and technology, acquiring other companies; and forming partnerships and joint ventures.

Interested companies may still join the study with an investment of $3,000 each. Additional information may be obtained from Rolland B. Guy, Battelle's Columbus Laboratories, 505 King Avenue, Columbus, Ohio 43201, U.S.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Survivors in the big game

ONLY 252 of the 1,007 original entrants in the 1979 national management championship still have a chance of sharing in the £3,500 major prize-money. Even so, the 755 teams knocked out in the first round, just ended, have the option of continuing at the price of £35 into the subsidiary "Plate" competition, whose winner and two runners-up will respectively receive £500, £250, and £100.

This year the United Kingdom championship is more than ever an "open" event, with several teams playing by post and telephone from overseas countries, including Abu Dhabi, Portugal and Belgium. Another distant player seems to be commuting between Singapore and Japan.

Closest finish

As well as breaking the 1,000 barrier with its initial entry, the 1979 contest has also broken the record for the closest finish. In one of the first round's playing groups, a team calling itself Atom directed its "paper" consumer-durable company to the massive profits of £8,256,490. But the margin by which it scraped into the second round ahead of its nearest rival Anrojojo (which I presume signifies a five-person team) was a mere £330.

"As for trading conditions in the second round," says Jack Dyzell, chief administrator of the championship, "we've nothing horrible planned as yet. Things will just be a bit tougher, that's all."

Round two starts on Monday and when it ends on April 20 the survivors will be down to ... Thereafter two more rounds, played mainly by post, will sift out the four teams who will meet face-to-face in the championship final in London on July 20.

All this year's finalists will benefit from the fact that the 1979 game is the 10th UK contest to be sponsored by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales. Associate sponsors are the Confederation of British Industry and the Institute of Directors.

To mark the occasion, the first prize has been doubled to £1,500 and, for the first time, the three runners-up will respectively take home £750, £500, and £250. As always, the winner will be invited to represent the UK in the European management championship to be held next year in Paris, the home ground of its present holders.

Michael Dixon

John Elliott, who recently toured China, reports on what he found

China takes a leaf out of the West's management book

MAJOR CHANGES are gradually being introduced in the way that China runs its economic and industrial affairs. Slowly the new leadership of Premier Hua Guofeng and vice-premier Deng Xiaoping is moving towards the adoption of some of the methods of a mixed economy in an attempt to push the country into a rapid 20 years of massive industrialisation.

This involved the acceptance a few months ago of the foreign notions of financial credit and commercial law in business transactions, and is now leading Peking Ministries into considering the even more radical step of forming joint business ventures between China and overseas companies.

Monetary incentives are also being introduced for both shop floor workers and managers and, like any Western nation with an alienated and unproductive workforce, the Government is also interested in experimenting with modest forms of employee participation.

Such changes form a major break from recent Chinese traditions because they involve acceptance of the need to increase productivity and profits, the replacement of revolutionary committees running factories by more conventional management structures, and the devolving of central bureaucratic control away from Peking.

There are some parallels here with the way that Yugoslavia moved away from centralism 30 years ago by transferring power from central bureaucracies to provincial and municipal levels of government, while at the same time creating workers' councils in factories to provide a form of collective management. Although this process is only just starting in China, the Government has made it clear through public newspaper statements that it realises the limitations of the present centralised system and intends to give individual cities and factory managements more power of initiative over matters such as production plans and methods and the level of wages and bonuses.

Few if any of these changes of policy have, however, yet had much effect and, indeed, some of them are only now being announced by the Government. So the visitor to Peking and other industrial centres in China is regaled by other foreigners with stories about high absenteeism, excessive overmanning in industry, and about cases of factories in places like Shanghai and Canton having to shut down from time to time because of a shortage of electricity.

Even the briefest of visits to factories and industrial areas underlines both the vast leap forward that China has to make industrially and the extreme contrasts that exist within the country, especially between the cities and the peasant-occupied areas only a few miles away.

Consumer goods such as radios, toys and cars look like European and American designs of the 1940s and 1950s but are intermingled with more modern products. Although there is little if any private ownership of cars, the country is desperately short of cars and has recently imported Toyotas from Japan for the Peking taxi fleet.

China's only factory producing saloon cars (as opposed to large black Government limousines) manages an annual output of only 2,500 "Shanghai Sedans" plus about 5,000 light trucks from a workforce of 2,000. The contrasts are evident here. The car factory has a body assembly track that scarcely moves forward as men and women work hard with files and hammers to make body panels fit together on what eventually emerges as a large 1950s-style family saloon, while a nearby machine shop has the same sort of machine tools and presses found in many British engineering factories and only needs a little automation and reorganisation to be brought up to date.

Mr. Eric Varley, the Industry Secretary, inspects a Shanghai Sedan on his recent Chinese tour.

Contrasts

There are even greater contrasts in the coal industry, one-third of whose 600m tons a year output comes from pits operated by local peasants. In Datong just west of Peking, which is one of the country's major mining areas, miles of run down buildings line roads filled with peasants on donkey drawn carts carrying coal and other produce. But the road leads to the relatively modern Silaogou mine which contains some of the latest Dowty pit props from Britain.

Such a country of contrasts can be hard for a foreigner to work in and managers from the West now operating in China tell stories about the impossibility of trying to function with the slow but cunning central and provincial bureaucracies, with a workforce which has been demotivated by egalitarian policies, and with managers and technologists who have been starved of training for more than a decade.

"The overmanning makes British Leyland look lean and hard and some people say that the absenteeism in fact is beneficial because it trims the number of people actually at work to a potentially manageable size and stops overcrowding," is how one observer of the Chinese industry puts the problem. "People just seem to turn up to work when they want to and have no fixed tasks to perform. And the management has little expertise and is often made up of leaders of the old revolutionary committee with different titles."

The answer to this from Chinese officials and factory directors is that all these faults stem from the excesses of the Gang of Four that ruled China towards the end of Chairman Mao's life.

During that time industry was run by revolutionary committees which were set up ten years ago covering overall factories and individual workshops. It is difficult to establish how effective or otherwise they were because they are now banished with the general condemnation of the Gang of Four. They are therefore blamed for everything that is wrong with Chinese industry. They are supposed to have demotivated workers by setting work quotas that were too high and to have allowed anarchy to reign with bad time keeping and poor safety standards. Administrative staff and young workers are said to have been allowed to stay away from work and training was ignored, while the committees themselves indulged in endless and aimless debates.

Now, it is explained, the country is in the throes of a "socialist modernisation" of a different kind. Chinese leaders realise, however, according to the Xinhua News Agency, that this will "inevitably be accompanied by profound changes in various spheres, giving rise to a host of new problems and contradictions."

Most factories in the industrial areas of China are owned and run by the central Government or by the local municipality. Within a factory there are three centres of power and authority. The primary one is the Communist Party political committee which, headed by a political secretary, is responsible for the factory's overall policies and for political activities. The secretary is elected by the party members who may in fact form only a minority of a workforce—for example in the Datong coal mines only about a fifth of the miners belong to the party. After election the secretary has to be vetted and approved by the local party machine.

Then there is the factory or mine management headed by a director who is in charge of day-to-day management affairs. Sometimes, though not usually, he is also the party secretary. In many cases he will have survived the shifts in political power of the past decade. For instance at some of the mines and at the Shanghai car factory the present director and his deputy were members of the old revolutionary committee. Asked what difference there is in management style between then and now, the director of the car factory says: "Some of us are the same people, but then the revolutionary committee also included some people who were not proficient in management and they have now gone to other jobs."

The third force in a factory is the trade union whose functions are very different from those in western countries with adversary traditions of labour relations. Wages are fixed nationally in China and have little local variation although the new leadership is encouraging the idea of local financial incentives. As a result, at the Shanghai car factory for example, there is now an annual bonus, adding about 10 per cent to wage levels. There is therefore no wage negotiating, but the unions can complain about working conditions on behalf of their members. Current issues, for example, include work quotas on Shanghai docks and job grading in the car factory.

But the main work of the trade unions is to look after welfare issues, to encourage worker education, to help boost productivity and, guided by the party committee, to help with political education. After a meeting of the All China Federation of Trade Unions at the end of February, a statement was issued which illustrates this union role. The statement called on unions and political committees to strengthen their "political and ideological work" and "to cultivate lofty revolutionary aspirations among workers, to educate them in revolutionary traditions, and encourage them to exert themselves for the country's modernisation."

The unions could now become more important as a result of current moves towards increased employee participation. One of their jobs is to convene annual or biannual mass meetings— or congresses as they are called—of a factory's workforce where management's plans are discussed and complaints and views aired.

This does not however provide any significant degree of worker control and in UK terms might well be regarded as merely a fairly common form of post-decision making employee consultation. But the Chinese Government is presenting these congresses as an important development and says that, under the leadership of a factory party committee, they should support "correct" views and "reasonable" demands from workers and should "observe regulations and discipline in production and uphold the law and social order." Through the congress the workers can also begin to exercise some control by complaining about their management. They can appeal through the party committee for a director to be removed.

In addition, following an initiative launched by Vice-Premier Deng at a national union congress last October worker representatives are now being elected to cover individual workshops — but, not, it should be noted, complete factories. In the terms of the recent Bullock debate in Britain, this could be seen as building employee participation from the bottom upwards, which, put another way, means limiting the workers' influence over management to day-to-day shop floor affairs, rather than broader company-wide issues. Whether that remains the aim, or whether a form of collective management develops, remains to be seen.

Speeded up

The election of these directors is now taking place in places like the Shanghai car factory and the Government is urging, through the trade union confederation, that the process should be speeded up.

At the same time the Chinese Government has also realised that it has to move fast to raise the standards of its industrial management because of the gap in learning and expertise created by the political upheavals of the past decade. The primary development appears to be the recognition of a manager's role and of the need to reward him with money and status. A Chinese Enterprise Management Association headed by a vice-minister from the State Economic Commission, and consisting of academics and managers, has also just been set up to raise management standards with the help of experience from abroad.

But it will not be easy for these managers, team leaders, congresses and party secretaries to span the contradictions between the political theories of Communism and the new aspects of the industrialisation programme. There may also be considerable resistance in the middle levels of the country's bureaucracy if they are bypassed in the shiftings of power. The inheritance of the past decade will also take a long time to shake off and will need more consistency of political and economic policy—and economic and industrial success — than many observers believe is feasible.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Transfer veto

There is now a possibility that an outside purchaser may make an offer to discontented minority shareholders of a family company, whose profits are considerable, directors salaries more so, and dividends nil. If so it is feared the directors will veto the transfers. Can anything be done?

There is very little that the minority shareholders can do. It is just possible that a case might be made out for a petition to the court under section 210 of the Companies Act 1948; but that would depend on the full circumstances of the case. You should consult a solicitor.

Losses v. gains

I live in British Columbia, but during the present tax year I may be considered as resident in the UK for tax purposes. If so, would losses on futures contracts I purchase outside the UK be deductible against gains I made from property sales within the UK? If a non-resident buys property in the UK and realises a gain on sale, would he be liable to any UK tax?

Assuming that you are domiciled in British Columbia or elsewhere outside the UK, the answer to your first question is no, whatever your residential status may be (because of sections 20 (7) and 43 (3) of the Finance Act 1965). The answer to your second question is: (a) Capital gains tax—no, provided he is not carrying on a trade in the UK (because of section 20 (2) of the Finance Act 1965); (b) Development land tax—yes, if liability arises (because of article 13 (1) of the Canada-UK double taxation convention of September 8, 1978, and article 12 (1) of the old agreement of December 12, 1966); (c) Income tax—no, provided the purchase and sale are not regarded as comprising an adventure in the nature of trade.

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Hunting the credit Snark

BY ANTHONY HARRIS

FOR SOME months this newspaper has been pointing out with some force that excessive public sector borrowing within a set monetary target can cramp the style of the private sector. Indeed, according to some critics we have become rather boring on this subject — crowding out, as it is known in the City. In a letter published on Monday, one of those critics, Mr. G. D. N. Worswick, director of the National Institute of Economic and Social Research, challenged us with what could be a highly embarrassing question. Where, he asked, is your evidence?

This question is a ticklish one in two ways. At its simplest, it challenges the whole concept of crowding out (a phrase which you will very seldom find in these columns). The words suggest an absolute shortage of credit; and as Mr. Worswick points out, there is no evidence of that, in the sense that it is very hard to find anyone who says that they are unable to borrow if they wish. Indeed, in this sense the whole concept is a fallacy, as Treasury officials have liked to point out for many years — a "lump of credit" fallacy rather like the "lump of labour" fallacy which Sam Brittan has repeatedly exposed. When a government goes into deficit, it potentially creates the money it has to borrow back.

Private saving

However, in another sense there quite clearly *is* a shortage of credit, because the price—the rate of interest—rises. Government borrowing does not create a shortage of funds like the shortage of water in a desert, but it does alter the balance between total borrowing and the planned level of private saving. Indeed, if you go back to Keynes, you will see that this is in fact the whole purpose of the exercise: it is what the word "reflation" means in a financial sense. The question is not whether a large government deficit raises interest rates; that is common ground. It is simply to decide what level of interest rates, if any, can be called "excessive": and this is where Mr. Worswick's demand for evidence really does get embarrassing. Looking for direct evidence of the harm done by high interest rates can be as frustrating as the Hunting of the Snark.

Mr. Worswick, for example, cites CBI surveys which show that only 1 per cent of businesses complain of any problems with the cost or availability of finance. As a matter of fact the CBI always gets this answer—there were no apparent financing problems even in the corporate credit crunch of 1975. But there is more. Mr. Worswick also points out that investment remained buoyant for most of 1978. I would add some telling evidence which he does not cite: the simplest way to cut down borrowing if the cost seems excessive is to run down stocks, but the figures show that stocks actually rose in relation to output until the last three months of 1978; and even then the Ford strike probably had more to do with the fall in stockbuilding than any reaction to overdraft charges.

There is a temptation, when one is cornered like this, to trade one awkward question for another, and ask Mr. Worswick: "Are you really saying that a 6 per cent rise in interest rates doesn't matter?" Unfortunately, this is exactly what he is saying, and what the Treasury has been saying, by implication, for many years.

Offsetting

However, before we conclude that the Snark is a boojum, it is worth asking if we are not hunting in the wrong place. We *look for price effects*, because that seems the natural place to look. But the rate of interest is not just a price; it controls a stream of income over the whole stock of credit. The income effects could be interesting (sorry about that).

On examination, it proves that they are. First, industrial and commercial companies are net debtors to the banks for about £8bn; a 6 per cent rise would cut cash flow by nearly £500m in a full year. But the total of sterling bank credit is more than £30bn. If we roughly characterise people with deposit accounts as savers and those with overdrafts as spenders (admittedly a gross exaggeration), there is a transfer of nearly £2bn of income from "spenders" to "savers."

What is more, available new lending by the banks is cut by about this sum, as higher interest charges are debited. There are similar though smaller effects through the building societies. In other words, when "reflation" is strong enough to raise interest rates sharply, it produces an offsetting rise in private saving, not through the price effect, but through income transfers; and it does restrict new credit. Could this be the Snark?

In search of the perfumed garden

GARDENS TODAY

BY ROBIN LANE FOX

SCENTED FLOWERS seduce any owner of a garden into taking an interest in it. I hope, then, that I may take one request from a reader as typical of many more. A lady left with a new garden of about a third of an acre wants to mass it with plants which are well scented. Her husband expects her to get on with it, while he tries to interest the Mexicans in his company's power cables. She wants him to return to a classic sort of perfumed garden: what, then, should she choose, as she does not know the first thing about it, except that every gardening column talks about scented flowers in the two months of the year when nobody in his right mind would wish to leave the fireside? So Winter Sweet is out. For the rest, the garden has a lime soil (no azaleas, therefore) and a bad pre-history before she was left to take it over.

Annual seeds

At this time of year, I would begin with annual seeds. By mid-July her husband will be shooting a line about sombreros and the Mexican oil industry. If she is quick, she could already have the exquisite night-scented stock tucked into every flower-bed and in full bloom for a cost of about 30p. *Matthiola Bicornis* is the name in the seed lists. It is a dull flower, but its scent in the evenings after work is still unsurpassed. It will grow anywhere as a hardy annual, sown out of doors in April, where you want it to flower. I allow it to spread beneath rose-bushes and near the house-windows. You can ignore it until the air cools at about 6 pm and the scent comes free at the hour of release for summer commuters. Everybody has room for it.

Mignonette, in my experience, is less notable. You have to bend down into it to catch its powdery scent. Cherry Pie on a hot day is a better bet, as are the selectable strains of plain double stocks, especially in their yellow and white forms. These are easily raised. Throw out all seedlings with dark green leaves, as these will be single-flowered. Keep the seed boxes at around 50 degrees F. Otherwise, this distinctive leaf-colour will not show up.

Among the stocks, sweet peas are excellent, indeed essential. It is not obvious to my nose that the various old-fashioned mixtures now being pushed in the seed-lists are much sweeter than the far larger-flowered modern ones. But old fashions are good business, let alone a mixture which is called antique.

We notice sweet peas above all as a cut flower; so perhaps their scent is not the first choice for a strongly-scented garden. You would do better to mass the tobacco plant. Again, I have yet to be convinced that there is much point in being clever with these. The new greens and reds are all very pretty, but the best evening scent in the cool of the day is still to be found in the plain old white. I would urge the wives of itinerant businessmen to acquire these by the hundred from seed for this summer. Tobacco plants will grow in half shade. They are at their best when the 9.30-to-5.30 man returns home.

Enough, then, of the annuals. Elsewhere, the prize must go to lilies, above all the regale form. I have said enough in the past about raising this plant from seed at no cost. But if you are caught without stock, these lilies are, still, only 30p a bulb. I would buy them by the hundred. A yellow form is now available. It is just as handsome, so be sure to add some in as a contrast. This lily is the easiest around. Bury it three inches deep, and simply leave it alone. The flower should stand near doors, chairs and windows. They are superbly scented, a heavy coolness to the scent which you would only otherwise capture in an old *magnolia grandiflora*. No other lily on lime soil can rival them, but I would also plan beside the door for a few pots which were filled with the golden-rayed lily, *L. Auratum*. This lily hates lime, so you must plant it only in peat. It is a fine pot-plant, up to five feet tall in August, when its spotted and striped white flowers are wide open, broad and sweetly-scented. A pot or two of these and a mass of regales will waft you away in July, so that you hardly need another scent at that time.

Earlier, of course, you should have lily-of-the-valley. You can still buy the corns and plant them now. All the expensive variations are worthwhile, Everest, Fortin's Giant, and so forth. But for a mass of scent, you should stick to the plain white one, and give it at least a year to settle into a shaded bed whose soil has been lightened with leaf-mould. Sometimes, the flowers are rather sparse. Old clumps will often revive, if you lift out their inner net of corns, split them and replace them with a rich soil, rubbed heavily into the mat of surrounding leaves. From new stock, you should enjoy a heavy crop of white flowers in the second May after planting. Lily-of-the-valley is a surprisingly greedy plant, so do not starve it. Remember that it *prefers* the shade, a point which makes it such a fine edging-plant in a town garden.

Among shrubs, you must distinguish two scents. There are shrubs which will only smell if you rub them or brush against them. Rosemary is one of these. High in every list of scented plants, *it adds nothing to the* air unless you collide with it. Thyme, lavender, and other "scented" shrubs are all similar. Only the leaves of the cistus are less secretive. But scented gardens are not just aromatic gardens. Scent must be released of its own accord. Hence, I would prefer to all these aromatic herbs the common Sweet Briar rose for its exceptional scent after a shower of rain. For the rest, I would turn to flowering shrubs, three of which on limey soils outdo the rest. Each is cheap, easy and quick. Their scent is given off so powerfully from the flowers that you do not have to approach them in order to catch it. Philadelphus is still the first choice for its tangerine-scent on those bushes of white flower in July. I do not believe that you can have too much of this in any form, tall or short. But the honeysuckle runs it close, especially the rampant one called *Japonica halliana*, whose cream-and-yellow flowers are not conspicuous, but their scent is as strong as the flower is insipid. This really is a climber, which will grow on any wall, however dank and horrible. Put it near a window or a north-facing door in any rough back-garden. It is excellent on city walls. You can prune it ruthlessly at this time of year.

Companion

Last, but not least, would be the white heads of flower on the hybrid *viburnum carlesii*. This is a superb companion for the scent of lily-of-the-valley in late May. There are other closely-related hybrids but I have found none better than this old shrub. Eventually, it is some seven feet tall, and is covered in round heads of the sweetest white flowers. From viburnum through lilies to the Philadelphus and some stocks in August among sweet peas, you can fill a garden quite quickly and cheaply with scents which are released while you sit among them. If it worked, any right-minded husband would do the sensible thing, throw up his travels in the summer and become a gardener among these easy plants instead.

More formidable Sea Pigeon to land Champion Hurdle

RACING

BY DOMINIC WIGAN

IN ONE OF the most open Champion Hurdles in the race's history, I intend giving one more chance to Sea Pigeon, in spite of the continuing adverse rumours about his health and the fact that he has yet to come good in this, the supreme hurdling test.

The Sea Bird II gelding, who found Monksfield too good in last year's Waterford prize after taking the final flight upsides his younger Irish opponent, is undoubtedly the one they all have to beat, if he can maintain his momentum. For, whereas Monksfield is not quite the force he was 12 months ago, Sea Pigeon is now, if anything, a more formidable foe than ever.

The effortless conqueror of Heluan at Newbury on his seasonal debut, Mr. Pat Muldoon's multi-talented nine-year-old went on to quicken away from Birds Nest in the final 200 yards of Newcastle's "Fighting Fifth" before putting up what can be described as one of the most remarkable handicap performances ever seen by a hurdler in the Embassy handicap at Haydock.

There, Sea Pigeon failed by just three-quarters of a length to give 18 lbs to the one-time "live" Champion Hurdle hope, Decent Fellow, a two-lengths victim to Western Rose at level weights on his previous outing at Wincanton.

If, as I anticipate, Sea Pigeon can be held up by Jonjo O'Neill for a late thrust, his still-deadly turn-of-foot should carry the day. For the minor placings, stablemates Major Thompson and Marlborough's Birds Nest look attractive each-way positions at around 10-1 and 20-1, respectively.

The most persistent ante-post run on this year's Festival programme has been that on Ireland's Royal Dipper for tomorrow's Daily Express Triumph Hurdle, and those backers who have brought his odds tumbling from 25-1 to 8-1 should have further cause for satisfaction, following the Waterford Crystal Supreme Novice Hurdle. Here, his recent two-lengths Naas conqueror, Corrib Chieftain, can prove just how unlucky he may have been when robbed of a run in last year's Triumph Hurdle with a clear-cut victory over the irrepressible Sir Martin Gilliat's Melion.

CHELTENHAM

2.30—Corrib Chieftain***
3.05—I'm A Driver
3.40—Sea Pigeon**
4.15—Milan Major
5.25—The Snipe

ENTERTAINMENT GUIDE

TV/Radio

BBC 1

7.05-7.35 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.30 Racing from Cheltenham. 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Graham's Gang. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Noel Edmonds' Lucky Numbers.
7.35 Morecambe and Wise at the BBC.
8.10 An Englishman's Castle.
9.00 News.
9.25 The Risk Busines: A Job for Life—the plight of our skilled craftsmen.
10.05 Sportsnight.
11.15 Tonight.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—*11.00-11.20* am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 12.00 News and Weather for Scotland.

Wales—2.18-2.38 pm I Ysgolion. 5.05-5.35 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05-7.35 Florida. 11.55 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm *Northern Ireland News*. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm ... Stepping Stones. 12.30 The Cedar Tree. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 Treasures In Store. 3.50 Letter by Letter. 4.20 How. 4.45 Park Ranger. 5.15 Little Vic.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 K.2.
10.00 News.
10.30 Mid-week Sports Special.
11.40 Guinness Golden Darts.
12.10 What The Papers Say.
12.25 Close: A painting by Toulouse Lautrec, with with music by Offenbach.

All IBA Regions as London except at the following times:—

ANGLIA

GRANADA

1.20 pm Dodo. 2.00 Live From 2. 5.10 Max, The 2,000 Year-Old-Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us a Clue. 11.40 What the Papers Say. 12.00 The Practice.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.40 Barnaby Jones.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Rydw I Am Fod . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines and Road Report 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Best of Weir. 11.40 Late Call. 11.45 George Hamilton IV.

SOUTHERN

F.T. CROSSWORD PUZZLE No. 3,921

ACROSS

1 River 1 fish in underwear (8)
5 University grounds for accountant, politician and us (6)
9 Out-and-out though accepting an alternative (8)
10 Work in short edition it could be supposed (6)
12 Piece let in to insert without direction (5)
13 History that is deplorable to the French (9)
14 Lend or revised a short poem (6)
16 Scrutinise backward boy? It's malicious gossip (7)
19 She left senior airman in resin (7)
21 Exercises round meadows to give delight (6)
23 Pub with no tax or inventor (9)
25 Written defamation from politician going to the Spanish (5)
26 Like a sea-bird at the back of the boat (6)
27 Urgent request to dine in vestibule (8)
28 Toicrate finish on river (6)
29 One who propagates what a knife may be (8)

DOWN

1 Feline family seen on trees (6)
2 Doctor put on weight from felspar (9)
3 Drink from the south to make merry (5)
4 Book one state, it's reasonable (7)
6 A very soft finish on time, that's something added (9)
7 Vessel I caught briefly in sudden fright (5)
8 Hastily making South German deny accepting learner (8)
11 Flag that would be national if put on top of hospital (4)
15 One who supplies stag with offal inside (9)
17 Run to directors for instrument panel (9)
18 Breathe heavily before speaking like buccaneer (8)
20 Copper to note is pleasing (4)
21 Fish to cut and vegetable (7)
22 Soft hen for an actress (6)
24 Not a short edition that's recognised (5)
25 Big and it could be regal (5)

Solution to Puzzle No. 3,920

Radio Wavelengths

RADIO 1

RADIO 2

RADIO 3

RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

ART GALLERIES

CLUBS

..ome

The face of Germany

by WILLIAM WEAVER

In the past few years Roman ..ltural life has become con..derably more stimulating ..anks to the increasing, ..d increasingly imaginative, ..tivity of the city's Assessorato ..la Cultura (or Cultural Com..ission). New places for ..hibitions and theatre are ..urishing, while the old places ..e being refurbished and ..vitalised.

Among the old places is that ..st elephant of a building, ..e Palazzo delle Esposizioni, ..hich stands squarely in Via ..azionale, halfway between the ..ilway station and the Piazza ..enezia. Recently the shows ..ere have been notably more ..eresting, more varied than .. the past; and they have also ..en attracting a larger ..dience. In the old days, ..ose echoing halls were ..markable chiefly for their ..ooky emptiness.

The same forbidding palazzo ..o comprehends a smaller ..hibition space, the Galleria ..ia Milano, a dank room next .. the mouth of the hellish ..nnel to Via del Tritone. If ..ything the shows held here .. the past were even more attractive than those in the .. rooms up above. But ..ently the smaller Galleria has ..racted considerable attention, ..t only from the general ..blic, but also from critics ..d writers. In collaboration ..h the Deutsche Bibliothek ..m (Goethe-Institut), the city ..s sponsored a show devoted .. August Sander, entitled *..tografia Sociale 1906-1952.* ..ough Sander (who died in ..64) participated in a number .. important collective shows, ..h as *The Family of Man* in ..55, this is the first time he .. been given a one-man ..hibition outside the German..aking countries. After Rome, .. selection of 118 photographs .. travelling to other Italian ..es, and then, it is hoped, ..nce and England.

..ander was born, of a poor ..ily, in 1876. He began ..ing photographs when he .. in his teens, while still ..king in the mines at Her..f. After his military service, .. set himself up as a pro..ional photographer. He had .. first show in 1906, when he ..30. And a few years later, .. began his great project: ..tographing the Germans of .. time, the social classes. At ..kends he would go into the ..ntry to photograph peasants, .. he also captured the faces, .. attitudes—the "type," one would say—of petty function-aries, high officials, the middle class.

Peasant girl in her Confirmation dress, with a prayer book in her hand

These faces have a distinct "Weimar" look. The young, pudgy Paul Hindemith stares at you with a disconcertingly strong resemblance to Peter Lorre in some Lang film. If they do not resemble Lorre, these Weimar Germans look like Conrad Veidt. It is hard not to read these pictures with hindsight, hard not to see in the pompous, petty court official the burgher who surely voted National Socialist in the early Thirties. The artists have a doomed look, as if sensing their future banishment as "degenerates."

Sander, most of the time, tries to remain anonymous. The road-workers sit for a moment on a fence, and he captures them; the peasant girl, in her Confirmation dress, prayer book in hand, stands solemnly in the field, posing, but not posing so much for the photographer as for someone in her mind's eye. But Sander's objectivity, his anonymity are partial, gauged; his descendant is Diane Arbus. His eye does not only record: it judges, sometimes with sympathy, sometimes not.

The Nazis, not always perceptive in artistic matters, realised the danger; they hounded him, destroyed much of his work, prohibited distribution of a book of his photographs. But he went on, and he lived to see their defeat. Only 500 of his "German social classes" photographs survive; but — to judge by the generous selection shown in Rome — they afford a broad, deep panorama of an age, a terrible time of hardship and uncertainty, from which an even more terrible (and more thoroughly documented) time was born.

Television

Greek dressing

by CHRIS DUNKLEY

The new version of The Oresteia of Aeschylus called *The Serpent Son* now running on BBC2 (part 2 at 9.25 tonight) brings to mind an American hamburger: contemplating the garish object one wonders whethere there is any meat at all hidden under all the technicoloured garnishing. The various relishes — bright yellow mustard, scarlet ketchup—and the other eccentric bits and pieces of salad, sesame seeds, and so on in which the thing is dressed up, raise the suspicion that someone is trying to distract attention from the fact that at the centre there is really nothing worth consuming. Deafening muzak reinforces the suspicion.

It turns out, of course, that if you can ignore the noise and make your way past all those confusing trimmings, the hidden meat in the middle is actually of very high quality. By then, however, your tastebuds are likely to be so numbed from dealing with all the powerfully flavoured dressings that proper appreciation of the meat—however good the original quality—is quite impossible.

It is not hard to see how this might arise in television terms. Aeschylus's stories of the House of Atreus may have seemed to his contemporary Greek audience hardly more difficult to appreciate than *Telford's Change* or *Lillie* seem to today's viewers. Yet the conventions traditions and beliefs which he observed are quite foreign to us now: from the mental notion of the position and significance of the gods in everyday life to the physical presence of the chorus, his plays are full of unfamiliar ideas and characters.

Producer Richard Broke apparently decided, therefore, to provide so much alternative and incidental interest by way of costumes, make-up, music, and (with director Bill Hays presumably) optical effects that the viewer would be distracted from this strangeness and consequently less likely to switch off since there would always be something to attend to other than the play.

Thus we had the "old men" dressed not as ancient Greeks but as ancient Britons in fur loincloths, yet with Red Indian make-up. Helen Mirren as Kassandra had a fetching little black number split to just about everywhere, and Aegisthus was got up as one of the Mekon's Treens with knobs on. Literally. In fact the costumes could well have been done by the team who used to dress the villains in *Flash Gordon* and *Buck Rogers*.

Periodically the music, which was rarely less than intrusive, was actually allowed to drown the words entirely.

Most distracting of all was a whole collection of optical effects like those used by D. W. Griffith in *Intolerance* in 1916. Large parts of the small screen were masked off to show a single head in the opposite to a close-up and several scenes seem to have been shot through the lid of one of those plastic tissue box covers.

Clearly none of this could possibly improve on Aeschylus; it could only be expected to improve television, but in fact it failed to do even that. The irony is that the parts of the dialogue which were audible suggested that the new translation by Frederic Raphael and Kenneth McLeish is a very accessible one. Furthermore the cast is so exalted that there were times when even the combination of trumpets, fancy dress and war paint was unable to keep attention away from their achievements.

From Kassandra's appearance to the end of "Agamemnon" the sheer abilities of Helen Mirren, Diana Rigg and Denis Quilley kept the plot driving along despite all the obstacles and counter attractions provided. If only the marvellous cast had been allowed to get on with the Aeschylus/Raphael/McLeish play!

Government departments are developing a sinister technique for dealing with those current affairs programmes which raise embarrassing questions. With some departments such as the Home Office the practice of declining invitations to provide spokesmen to put the government side of things has already become practically a fixed habit. (For instance the Home Office's most recent refusal was to provide a spokesman for *Man Alive's* studio debate about the uses of police computers.)

Clearly this is a way of turning the concept of freedom of speech into a nonsense: if those controlling large and important areas of our lives simply refuse to divulge their rules and methods then the phrase "freedom of speech" loses its original meaning and by a negative process acquires a new one, much as the word "democratic" has in its use by the East German Republic. What "freedom of speech" comes to mean is that we, the public—the broadcasters and viewers—may chat quietly amongst ourselves provided we don't bother Big Brother.

Ona Kirsch in Agamemnon

Now the Northern Ireland Office has developed a subtle twist worthy of Orwell's Ministry of Truth: having refused to supply a spokesman to put their point of view they wait until the programme has been transmitted and then accuse it of one-sidedness.

London Weekend Television's *Weekend World* was devoted this week to a report by Mary Holland on the administration of justice in Northern Ireland. It included a claim by Dr. Robert Irwin, chairman of the NI Police Surgeons' Association, that he had seen 150 to 160 prisoners after interrogation by the Royal Ulster Constabulary with injuries which "I would not be satisfied were self-inflicted." These included five ruptured eardrums and "there is not enough leverage in a person's arm to rupture their own eardrum . . . also some of the sites of some of the injuries would defy even a contortionist."

As usual with *Weekend World* the programme was calm and considered, long on analysis and short on sensation. It pointed out that overseas the good name of British justice is now in danger. Not only did Mr. Roy Mason, Secretary of State for Northern Ireland, join the RUC and the Army in declining to express their views, however, but Mr. Mason's office declared after the broadcast that the programme had been "one sided and offered a thinly disguised attack on the RUC and the Army."

The statement added: "It did not touch on the violations of human rights embodied in murders, torture, knee-cappings, and bombings and maimings, all of which are more accurately documented but apparently less interesting to some elements of the TV world." Which is like complaining that a programme revealing that the police habitually steal money failed to devote equal time to saying that they were working within a society which contained thieves.

One of the best programmes on Northern Ireland for a long time was Stewart Parker's play for Thames TV, *I'm A Dreamer Montreal*, which brought out sharply one of those points which news and current affairs programmes usually take as read: that there are people in the province who hold no strong views of any sort — Protestant, Catholic, Republican, Loyalist, or anything else— and who have to get along somehow.

The more one sees of *Life On Earth* the more attractive it becomes; surely the mark of a truly addictive series. The appearance of profligacy with which Attenborough and his producers use up in a few minutes material which would, elsewhere, be spun out to an entire half-hour programme is sometimes breathtaking. Last week in addition to a sort of Olga Korbut bird (which does backward somersaults on the branch to attract a mate), the skimmer bird which uses its beak like a pair of jet-powered tweezers, and the vultures riding the thermals in the Grand Canyon — which appears to have been the site of one of the series' most cost-effective expeditions — we were also shown a jay "bathing" in ants to use their acid-squirting habit to clean the ticks and bugs out of it own feathers.

The programme of the week, however, was *Arena's* "My Way." Nigel Finch spent 40 minutes exploring the origins, the exploitation, and the attractions of that peculiarly popular song (140 recordings) "I Did It My Way" which contains the startlingly bathetic line "I chewed it up and spat it out" or, in American,, "I ate it up and spit it out." Superficially light hearted, the programme actually revealed a remarkable amount about popular attitudes in an attractively casual way. It was highly entertaining, as *Arena* so often is.

Lady Day jazz concert

A three-band concert under the title *Jazz for a Spring Day* takes place on Sunday, March 25, Lady Day, at 3 pm at the Elizabeth Hall.

Sunday afternoon is an untypical time for a jazz concert and the three groups featured are also untypical. Most conventional is the Dave Shepherd quartet led by Shepherd on clarinet with piano, bass and drums backing.

The second group is Velvet, led by Ike Isaacs and Denny Wright (guitars) with Digby Fairweather (cornet) and Len Skeat (bass). The third group is Brocade, led by Brian Brocklehurst on bass with Ike Isaacs on guitar and Vic Ash on clarinet and flutes.

..g's Head

..ames Joyce and Co.

by B. A. YOUNG

..ames Joyce has become a ..ndary figure in Dublin, for .. the disapproval he earned ..e in his lifetime. This titbit .. the lunchtime slot in Upper ..et, first seen at Dublin's ..cock Theatre, consists of ..ip about Joyce between the ..racters whom he portrayed .. his books as Lynch and ..nly.

..ou have to be something of ..oyce addict to appreciate it .. and if you are a Joyce fan .. will probably not learn ..thing new. Cranly's story ..ut the haunted house from ..ch the Irish Invincibles had .. out to murder Lord ..derick Cavendish is good ..f. and put over by Patrick ..ry with such feeling that I ..ed he was on the verge of ..teria; but the connection .. Joyce eludes me.

..r. Drury's Cranly is a smooth, smartly-turned-out fellow in black coat and striped trousers. Alan Devlin's Lynch is a tubby little man with a lot of untidy shirt visible between his waistcoat and his trousers, his hair already grey. Cranly accuses him of having hinted to Joyce that he was out with Nora when Joyce thought she was working in the library; Kevin O'Connor, the author of this piece, suggests throughout that Lynch was a shifty, unreliable man, yet it was Lynch who shared the Martello tower with Stephen Dedalus.

Anyway, it all has the lightweight charm of Dublin conversation, and passes a lunchtime pretty well. Julia Pascal directs.

Paper Bag Players return to London

The Paper Bag Players, New York's leading children/family theatre group, will perform at the Riverside Studios, W6, from April 17-29.

The Paper Bag Players, a company devoted to the development of original and creative theatre for children, use paper bags, cardboard boxes and household objects in their fast-moving revue-style show.

Based on a child's everyday experiences and perceptions of the world, simple stories are told directly, using songs, dance, poetry and short plays. Audiences are encouraged to participate.

This is the Paper Bag's first visit to Britain for five years.

Leonard Burt

Murray Melvin

King's Head

Hoagy, Bix . . .

by MICHAEL COVENEY

Hoagy, Bix and Wolfgang Beethoven Bunkhaus is Adrian Mitchell's *Travesties*. But whereas Stoppard's complex extravaganza about a Parisian collision between Lenin, Joyce and Tzara was predominantly fictional, there is a sound historical basis for Mitchell's celebration of the music of Hoagy Carmichael through the stories of Bix Beiderbecke and William Moenkhaus. All three met in the early 1920s while Hoagy was a law student at Indiana University. And Mitchell suggests that the composer of "Up a Lazy River," "Rockin' Chair" and "Stardust" was seriously influenced both by Bix's molten cornet blowing and destructive lifestyle and by Moenhaus's Dadaist lunacy and Milliganesque poems.

It all makes for a surprisingly offbeat, original and compulsive entertainment, flecked by a generous helping of Hoagy classics. The three worthies are depicted as leading *habitués* of the Book Nook, a bohemian dive in downtown Bloomington where the Order of Bent Eagles are likely to get drunk as they are to burst into song with paper bags on their heads. Bix is summoned thence by Paul Whiteman. He goes reluctantly, fearful of those percussive coconut effects, and is soon drinking himself out of a job. Admittedly the picture of an artist on the skids is a bit corny, but Sylveste McCoy manages the collapse with such consummate grace and skill, folding plastically before our eyes, that the excess is forgiveable.

Bix blows up in the middle of "I'm Comin', Virginia" (by Donald Heywood) under the fat cat smile and metronomic baton of Whiteman (a lovely cameo by Roland Oliver) and is sent home to straighten up. This, despite the attention of a beautiful black singer (Glenna Forster-Jones) and Hoagy, he never does, dying of pneumonia in 1931, the same year as Moenkhaus. Smiling through, clutching the memory of two dear friends, John Vine's Hoagy formulates a philosophy of life and art that sounds a bit thin. But, thankfully, the next song soon starts up.

There is a pleasant, elastic quality about Kenneth Chubb's direction of the Wakefield Tricycle Company and marvellous performances from Murray Melvin as the crazed, green finger-nailed sprite of aesthetic anarchy and Nichola McAuliffe, who quickly retreats from college protocol to the role of a sort of bar-room Penelope Keith, dressing the numbers with a stridently ecstatic soprano top line. The musical accompaniment, on guitar and piano, is fine. And there is some tremendously cool and mellifluous blowing from Pat Higgs as Bix's musical shadow.

Arts news in brief

The National Theatre is to stage Henrik Ibsen's *The Wild Duck* in the Olivier Theatre this autumn in a specially commissioned new version by Christopher Hampton, directed by Christopher Morahan. Casting is to be announced.

The cast so far for the NT's forthcoming production of Arthur Schnitzler's *The Undiscovered Country (Das Weikland)*, in a specially commissioned new version by Tom Stoppard, is Michael Bryant, Joyce Redman, Dorothy Tutin, and John Wood.

*

Former teenage pop star Helen Shapiro is to star in the West End musical *The French have a Song for it* featuring songs by French song writers. Also in the cast will be Amanda Barrie, Sonja Kristina, Stephen Tate and Peter Reeves, who has devised and compiled the show, which will open at the Piccadilly Theatre on May 2.

*

An Arts Council film, *Ubu*, directed by Geoff Dunbar has won the Berlin International Film Festival's Golden Bear Award for the best short film. It was the only British film selected for entry in this section.

FINANCIAL TIMES

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Wednesday March 14 1979

Disappointing summit

THE EEC SUMMIT that ended in Paris yesterday was not one of the Community's more dazzling performances. Nobody had expected the Nine to announce major new policy initiatives — even yesterday's launching of the Community's European Monetary System (EMS) was taken out of the hands of Heads of Government by last week's French decision to allow the system to go ahead. The fact remains that the leaders of Western Europe have found virtually nothing new to say about the major economical and political problems currently facing the Community, and indeed the entire Western world. The domestic uncertainties surrounding three participating Governments, those of Britain, Italy and Belgium, are no excuse for inaction. If the Community had to wait for durable Governments to be installed in all nine member states, it would never get anything done at all.

Unemployment

The statements issued at the end of the meeting hardly differ from those that have followed most other EEC summits in the past two years and more. There is the ritual commitment to give priority to tackling inflation and unemployment and a renewed undertaking to conserve energy. The main effect of this is simply to align France behind the commitment by the International Energy Agency, of which France is not a member, to reduce oil consumption by 5 per cent this year.

Once again the Nine have pledged themselves to work for the convergence of national economic policies, and called on Finance Ministers to report on the subject to the next summit in June. That was to be expected now that EMS is finally getting under way. But there is no evidence that the Community is any nearer to solving the problem than in the past.

Deaf ears

President Giscard d'Estaing appears to have failed in his attempt to persuade his colleagues to seek a greater international role for the Community by forging closer links with Arab and African countries. Given that most of the other Heads of Government suspected that his proposal for a Euro-Arab-African summit was intended mainly to boost French prestige and influence, it is hardly surprising that it fell on deaf ears. It might have provided the impulse for a discussion of the Community's external policies at a time of growing world uncertainty and increasing doubts over the effectiveness of American leadership. But there is no sign that the other summit participants felt they had any useful contribution to make to such a debate. The concluding declaration that any worsening of the oil market "would constitute a serious danger for the world economy" is not likely to cut much ice where it matters.

Mr. Callaghan's main contribution to the proceedings was a piece of blatant anti-EEC electioneering which duly captured the British headlines. He is probably right to assume that there is a growing wave of anti-Community feeling in the country—indeed his own Government has done much to foster it. But if Monday's menacing speech to the summit is the only constructive answer Mr. Callaghan can produce to the real problems of Community membership, then that is yet another reason for an early election. We now seem to have got to the point at which we are meant to be positively relieved if the Government stops short of threatening to withdraw Britain from the Community.

Ineffective

Of course, the common agricultural policy has produced absurdities and needs to be reformed. But it does not help to allow other Governments to go away with the impression that the UK is now trying to open a third round of negotiations on the terms of its EEC membership. Mr. Callaghan's threat to block further increases in Britain's budgetary contribution after 1981 in any case lacks credibility. In the first place, it is to say the least open to doubt whether he will be Prime Minister at that time. And secondly, it is to be hoped that changes will by then have already taken place.

What is needed from the UK is a series of constructive proposals for structural reform. Freezing relative farm prices is not enough. Nor is it particularly helpful to propose, as Mr. Callaghan did on Monday, that funds be diverted from agriculture to pursue the sort of industrial restructuring policies at Community level that have proved ineffective in Britain. It can only be assumed that Mr. Callaghan was addressing his proposal to his supporters back home. He can hardly have expected to impress his EEC colleagues.

Ironies of a strong pound

AS THE European Monetary System belatedly gets under way, there is more than a little irony in the reflection that had the EMS started on January 1 as planned, and had Britain joined, it might now be facing its first crisis—over the excessive strength of sterling. That is not the kind of situation most critics of the UK position envisaged a few months ago, and there is a human temptation to crow about it.

However, it is not a temptation which is likely to attract industrialists, who are by now becoming considerably alarmed by the effect of the rise on their competitiveness, both abroad and in the home market. Officials of the Bank of England, in spite of their guardianship of the currency, are equally unlikely to cheer. The foreign demand for sterling has now reached the point where the dilemmas of October 1977 have become pressing again. Intervention has not yet been seen on any massive scale, but since it appears to be in the same direction day after day the cumulative effect could be considerable.

Familiar

These dilemmas are of course familiar to the managers of normally hard currencies. The Germans and the Swiss have felt able to relax their control of monetary growth in order to maintain reasonable exchange rate stability, because their habitually stable economies are not likely to be disrupted by a temporary wobble in the curve of monetary growth. In Britain, however, no such comfort is available. The strength of sterling does not reflect underlying strength, but a strange combination of luck and bad management, and it could prove a real strain on the economy.

The underlying situation is one we have described more than once in recent weeks. Rising North Sea production, combined with exchange controls, is a guaranteed formula for falling competitiveness in industry, since under a clean float there is little possibility of any adjustment on the capital account to finance an improvement in the current account. Wiser countries (which are in habitual current surplus) actively encourage capital outflows: we ban them. Official intervention in the exchange market, made very reluctantly for fear of the monetary consequences, is the only form of capital outflow which is permitted.

Strong inflows

In recent weeks, however, these pressures have been reinforced by events in the money market. The very strong rise in London inter-bank rates since mid-November, only partially reversed since the official funding "triumph," has now begun to attract strong inflows of financial capital, partly through the leads and lags. It is this which has consolidated the rise in sterling, and it means that the authorities face the same dilemma over interest rates as over currency market intervention: the policy judged necessary to check inflation at home is incompatible with exchange rate stability.

While we strongly support a policy aimed at a stable rate at a fairly high level, to check inflation and keep competitive pressure strong, one can have too much of a good thing. A rate which rises unpredictably, and now stands eight per cent above recent estimates of "equilibrium" is not encouraging.

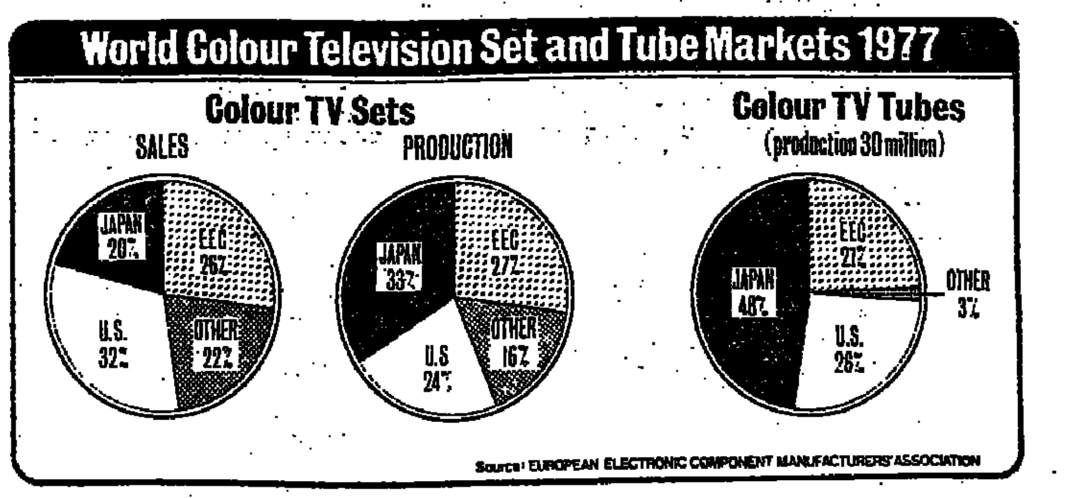
This brings us to the final irony: the need for a high level of interest rates arises not from strength, but from weakness—excessive wage increases and above all an excessive public sector borrowing requiremnt.

Public spending

However, there is no method of management which can fund an excessive borrowing requirement at low interest rates. Current events in the exchange markets are the result. They show that a so-called fiscal "stimulus" under our present circumstances is in fact anything but an aid to growth. Its result is to undermine both competitiveness and monetary control. The moral is clear: cut public spending to stimulate the productive sector of the economy.

Japan's TV power: if you can't beat them, join them

BY MAX WILKINSON



Source: EUROPEAN ELECTRONIC COMPONENT MANUFACTURERS' ASSOCIATION

MAYBE WE have to accept that the Japanese will take over the management of a large part of the British television industry. The National Economic Development Council has already done so.

But do we accept that up to £100m of taxpayers' money should be spent during the next five years to encourage this spread of the Japanese consumer electronics empire?

Yes, unfortunately we probably do have to accept it. Two statistics explain why. In 1977 the total research and development spending by the nine UK television manufacturers was only about £15m ($30m). In the same year one Japanese company, Matsushita, spent around five times the total UK budget for research and development in consumer electronics.

Matsushita, the largest manufacturer of television sets in the world, with production of about 3.7m sets a year, is only one of five major Japanese companies all competing fiercely in both marketing and product design.

Together, these Japanese companies had a worldwide production of about 10m sets in 1977, and their total spending on research and development was probably of the order of £150m, at least 10 times the amount spent in the UK.

British and European set makers have no excuse for being taken by surprise. The Japanese research effort is the result of almost two decades of carefully laid strategy. The Japanese have not achieved their position of dominance in consumer electronics by Oriental magic or industrial espionage. They have simply expended an enormous amount of money and brain-power to make their products better and generally cheaper

It is too late now to speculate what would have happened if the British had attempted to match this effort by applying to consumer electronics some of the energy and funds which were spent on, say, Concorde. The fact is that it would now be impossible for most British television set makers to make up the lost ground on their own.

Take Decca, for example, a British company with a high international reputation in high technology marine electronics. It makes between 100,000 and 150,000 colour sets a year, which is only about a tenth of the output of Toshiba. Toshiba's spending on research and development is therefore likely to be not far short of Decca's total television sales.

Even Thorn, the UK market leader, with annual production of about 500,000 sets a year has well under half the output of Sanyo, the smallest of the five Japanese leaders. Moreover, Thorn no longer makes the picture tubes which account for about a third of the value of the modern colour set.

It is impossible to escape the fact therefore that the Japanese companies now dwarf the British industry almost into insignificance. Toshiba, for example produces 1.5m sets a year (nearly equal to the total UK annual production) from a single factory. Its research effort is therefore matched by huge advantages from economies of scale.

These and similar facts and figures were collected last year by the Boston Consulting Group in a report commisioned by the NEDC sector working party for the industry. The conclusion was hard to escape. It was duly made in a strategy report by the working party which was presented to the NEDC last week and welcomed by the Industry Minister.

The report said the industry needed an investment of £300m over the next five years which would have to be based to a large extent on Japanese production and product know-how. It said that a "substantial contribution" would have to be made by the Government. With a bit of stretching and pulling, existing industrial aid schemes could probably be made to provide perhaps a third of the investment or even more.

JAPANESE AND EUROPEAN TV SET PRODUCTION 1977
(m units per year)

Matsushita	3.7
Philips	3.0
Sony	1.9
Hitachi	1.7
Toshiba	1.6
Sanyo	1.6
Grundig	1.2
Telefunken	0.8
ITT	0.7
Blaupunkt	0.7
Thorn	0.5
Thomson	0.4

Source: Industry estimates

Fortunately the British desire to embrace Japanese technology is matched by a Japanese eagerness to supply it — on certain terms of course. Of the five leading Japanese consumer electronics companies, four are already in Britain. Sony and Matsushita have established their own offshoots in South Wales. Hitachi has formed a liaison with the General Electric Company to help look after its plant in Hirwaun, Wales, and Toshiba providing help to Rank in a joint attempt to foster and improve its plant in Plymouth. Sanyo alone has so far found no British suitor, but Sanyo has already moved into the other end of Europe through a 30 per cent stake in Emerson in Italy.

A large part of the UK set-making capacity has therefore already fallen under foreign control or influence. Dutch Philips accounts for about 22 per cent of the UK market. Japanese subsidiaries and joint ventures will shortly account for a further 20 to 25 per cent. U.S.-owned ITT has 8 per cent. That leaves Rediffusion and Decca with about 11 per cent between them and the market leader Thorn with 26 per cent.

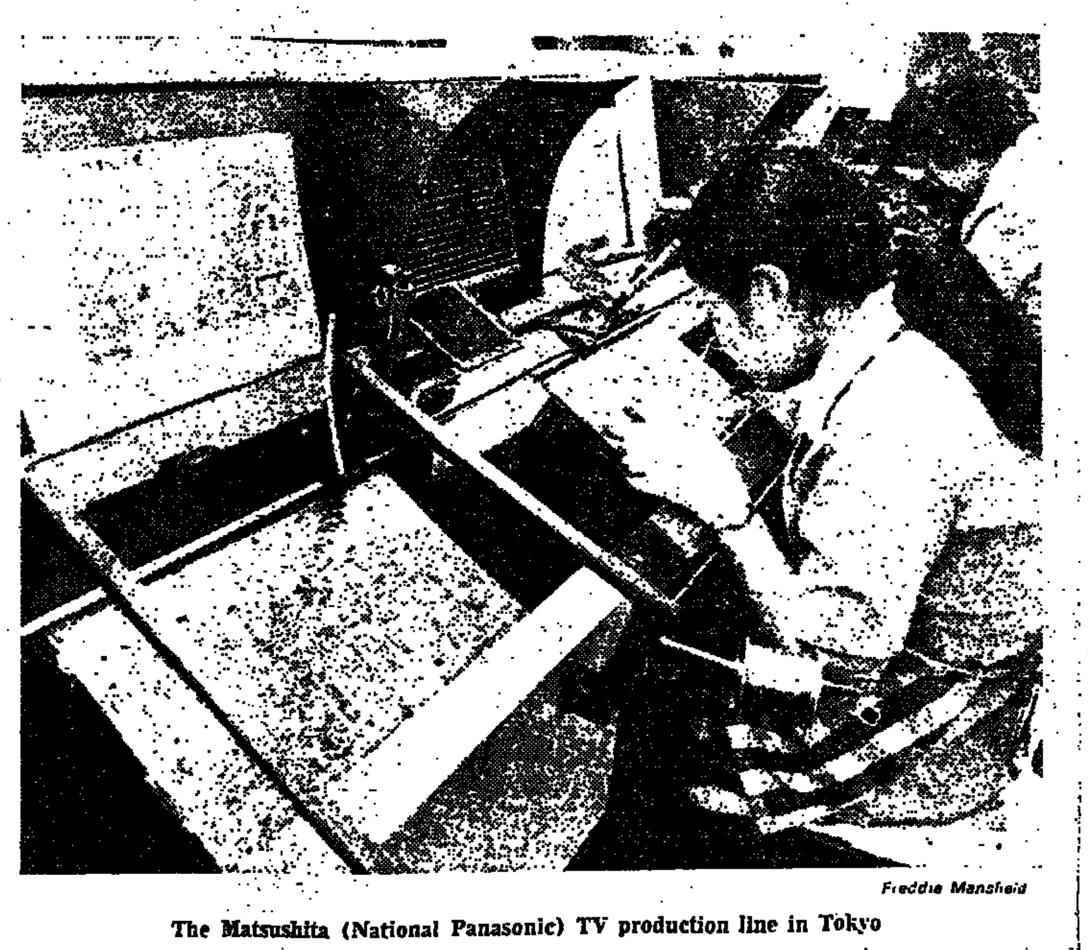
Government strategy now envisages a further concentration into three main groups: Philips, the Japanese and Thorn, although it is not clear how this will be accomplished. ITT, it is thought, was large enough to look after itself and would probably change emphasis towards the manufacture of business terminals and products like home computers.

It is no longer possible to develop any strategy for the UK, however, which does not take into account the wider developments of the industry in Europe and the rest of the world. One of the trends most clearly documented in a report by Mackintosh Consultants on the European picture tube market is the concentration of television tube production into very large units. The closure of Thorn's Skelmersdale plant in 1976 and of Westinghouse's plant in New Jersey, U.S. the following year were the two major casualties.

World television tube production is now in the hands of 13 companies of which five are the large Japanese set makers, four are U.S. owned and four are European. To be economic a picture tube factory needs an output of about 1m units a year. Even above that figure the larger companies can reap the advantages of economies of scale at the expense of their weaker competitors.

The largest tube manufacturer in the world in Philips. If the Americans are excluded, the Japanese come next with the Europeans including ITT Videocolor (France), AEG-Telefunken (Germany), and Valco (Finland) all at the bottom of the pile. Together the Japanese manufacturers account for almost half the world's production of colour television tubes. Because the tube is such an important component they can, therefore, exert a tremendous leverage on the economics of set-making.

When this economic leverage was matched by superior quality, and reliability in set production the combination was almost irresistable as the Japanese invasion of the U.S. television set market proved.


Freddie Mansfield

The Matsushita (National Panasonic) TV production line in Tokyo

Tripled U.S. sales

In only three years, between 1974 and 1977, Japanese sales in the U.S. tripled from 1m to 3m sets, when they took nearly 40 per cent of the total market. As a result of strong pressure from the domestic industry led by RCA and Zenith, an "orderly marketing agreement was reached" which limited imports to 1.75m sets a year. However, the Japanese immediately switched the emphasis to expanding their own production in the U.S. Sony, with a plant in San Diego, doubled its production capacity; Matsushita, which had bought Quasar, expanded production; Sanyo moved into a joint venture with Sears Roebuck and Hitachi tried unsuccessfully to make a joint deal with General Electric (GE). There seems little doubt, therefore, that the Japanese will continue to expand sales in the U.S., though perhaps at a more gradual rate than in the past.

It is also clear that the backlash in the U.S., and the rising value of the Japanese yen have caused the big companies to think much more seriously about establishing large production centres in Europe.

Europe, unlike the U.S. or Japan, represents a rapidly expanding market for sales of colour television sets. In the UK, which has the highest penetration of colour sets in Europe (besides Sweden) only about 60 per cent of homes have a colour set. In Germany, the largest market the figure is less than half and in France only about a quarter. In France and Italy, indeed, the colour set is still a novelty.

Mackintosh estimates that the European receiver market will increase to 9.4m sets a year by 1980 which would be a healthy 25 per cent total increase over four years. But so far the Japanese have comparatively little presence in the European colour set market, and all their sales are confined to sets in the smaller screen sizes (20 inch and below). Even in the UK, where the Japanese have achieved the largest penetration, their sales are only about 12 per cent of the total market of 1.7m sets last year.

Smaller sized

Until 1980, direct exports from Japan into Europe are restricted by the terms of Telefunken's licence agreement for the PAL colour system. Until then only smaller sized sets can be exported from Japan. And after 1980 the Japanese will face the possibility of trade restrictions if they threaten employment in the European television industry.

For this reason they have been very willing to be "attracted" to Britain, especially if the invitation is baited by substantial subsidies. Sony, for example, which recently announced a £6m expansion of its Bridgend, Wales, plant is likely to be given a bonus of perhaps £2m or more from the British tax- and rate-payers. Hitachi, Toshiba and Matsushita, when it choses to expand, can all expect similar beneficence.

At first sight it may seem Quixotic for the hard-pressed UK to subsidise profitable Japanese giants. However, it is difficult under present rules, to see how this can be avoided. The Japanese receive exactly the same grants as are available to any British company which would like to expand. They provide employment, and they are coming to Europe anyway. Far better, it is argued that they should help Britain export into Europe than to help some other European country export into Britain.

The outstanding question, therefore, is the fate of Thorn and the smaller UK television manufacturers. Maybe they will be able to combine forces and with the help of an innovation company like Sinclair, perhaps establish a research centre capable of competing with Japan Incorporated.

Perhaps they could seek alliances with other European manufacturers like Grundig or Telefunken. Perhaps Thorn could prove itself nimble enough to keep abreast of the giants by a combination of its own research and licensing agreements for new products like video-recorders. Thorn, Decca and Rediffusion all enjoy considerable protection from the UK rental companies, which buy most of their sets from Britain. Since 60 per cent of colour sets in the UK are rented, foreign competitors have been kept at bay. Thorn, which owns the most profitable rental chains is also cushioned against the low margins of the set making industry. However, as sets become continually more reliable and relatively cheaper, rental will come under stronger pressure and then—well, what then?

MEN AND MATTERS

Keeping to that magic 51 per cent

A few years after the war, Unilever's Indian subsidiaries found themselves in the forefront of a battle to resist the Indian Government: it wanted foreign companies to float a percentage of their shares on the stock market. The skirmish, perhaps inevitably, was lost, and soon enough 10 per cent of Indian capital was taken on board.

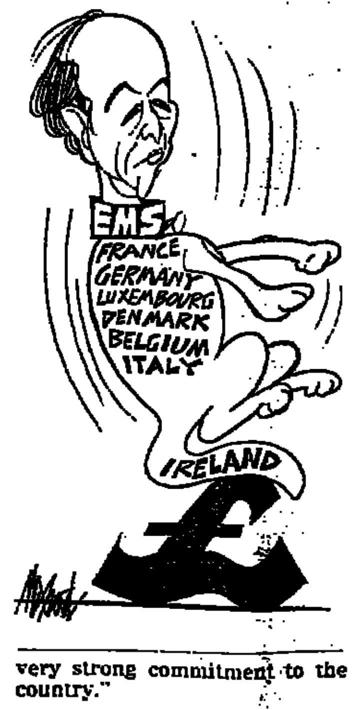
A quarter of a century on, Hindustan Lever (the subsidiaries were combined) is one of the last still fighting, although the battlelines have changed. Hindustan Lever's chairman, Thomas Thomas, recently nominated for election to the main Board, has been arguing since 1974 that Hindustan Lever should not be forced by new legislation to reduce its holding to 40 per cent. Since that first skirmish it has already shrunk to around 60 per cent.

"Speaking as an Indian I would say it is not in India's interest," Thomas told me yesterday in the office he now occupies overlooking the Thames.

Thomas' argument is that if Hindustan Lever is forced to go below 50 per cent, it would lose its obligation to export 10 per cent of its products. And, perhaps more important, it would lose the advantages of free access to Unilever's research and development.

The Indian Government's action has, he maintains, already had consequences in lost investment: "Sitting in New York or London and looking around the world you seek countries that welcome you, not those that put curbs on you. . . . The Indian economy is strong enough to open the door somewhat to foreign investment."

A decision is expected soon on whether or not Thomas has won his argument. Would Unilever, I wondered, consider applying the sanction used by IBM and Coca-Cola, which simply pulled out? "Oh no," insists Thomas. "We have a very strong commitment to the country."



Vanishing facade

The sale of the old Kensington Town Hall seems imminent—but on terms that will anger the royal borough's conservationists. Graham Drake, a director of County and District Properties, told me yesterday that the company's offer of more than £5m hinges on the interlocking planning application. The complete demolishing of the building's century-old facade is an integral part of County and District's scheme.

"It would not be worth the sort of money we're talking about," said Drake, "on the basis of keeping the facade. But we are hopeful for full development." The County and District plan for the town hall site in Kensington High Street envisages shops and offices.

"People are too ready to put a label on anything Victorian," argues Drake. The conservationists will gain little support from the Department of the Environment, which has refused to "list" the building. But a council spokesman said last autumn, when the building was put up for sale, that it was hoped the massive stone facade would be retained "for a quiet life."

Taxman's handful

Richard Wheway is looking forward to sending the British taxman the biggest cheque he will have ever received: £150m. That is going to outdo Wheway's last contribution—a mere £100m.—by so much that it will go into the Guinness Book of Records as the biggest cheque ever written in this country.

The £150m will meet the main element of the anticipated 1979 bill of the Halifax Building Society, of which Wheway is general manager, for corporation tax on its profits and for income tax on savers' accounts. The previous record, set 18 years ago, was for an £119m cheque made out by Lazards for the takeover of the British arm of Ford by its Detroit parent.

French warmth

The French bureaucracy has an awesome reputation, which makes the Myson Group gratified to be the first British company to extract a development grant from it. Chairman Robert Myson admitted in London yesterday that the share price of his heating and ventilating company has never allowed him to ask shareholders for the funds he believes the company has needed: but he does seem to have the knack of attracting government money.

In South Wales last summer he acquired "for peanuts" a brand new radiator manufacturing company from the liuidator of Penrad—with the help of the Welsh Development Agency. Now he has secured £1.5m of low-interest development cash from the French Ministries of Finance and Industry and a consortium of French banks.

The secret, apparently, is to tackle the red tape at local level. "We negotiated in Thierville, the principal office for Lorraine," he says.

"We became a bit of a star in that depressed area by revitalising a French company. We secured the grant and the attendant participating and preference loans because we are committed to add at least 50 new jobs over the next three years." But it is essential, he stresses, that the grant applicant is seen to be French.

Myson's subsidiary in the region is Societe Lorraine d'Equipement de Chauffage (Soledec), a radiator manufacturers based at Fontoy. Soledec had been set up nine years ago by one of Lorraine's largest steel manufacturers, Marine Wendel, to utilise its output.

But the quality of steel was never what the radiator manufacturer needed. So in one of the strang twists that even one of the most regulated bureaucracies can sometimes understand, Myson will still be importing the necessary raw material from Britain and Belgium.

Cellar diplomacy

Sommeliers at the Paris Ritz are polishing their transatlantic accents to prepare for two new additions to the hotel's famous wine cellars: 1973 Special Reserve Cabernet Sauvignon from Sterling Vineyards, California, and Sterling's estate-bottled 1977 Chardonnay.

But I hear the London Ritz is not following suit. The Savoy, somewhat grandly, says it keeps in stock just one Californian wine—at a knockdown price of £5.20 a bottle.

Seeds of doubt

The Canadian Rapeseed Association can, I hear, stand it no longer. Producers of the country's second most important crop are likely to vote this week on changing its name to "canola."

"Rapeseed is just too rude," an association spokesman tells me.

Observer

هكذا من الأصل

هكذا من الأصل

America wakes up to the oil crisis

BY DAVID LASCELLES IN NEW YORK

UNTED by memories of the 3 Arab oil embargo, the U.S. ted little time or effort cting to the Iranian crisis, ch has cost it about 5 per t of its oil supply. Dr. James lesinger, the Energy Secre-, has been kept busy on itol Hill during the last two nths testifying to Con- ssional committees about big the oil shortage could what it means for the U.S., how he proposes to cope 1 it.

e has dashed off hundreds letters to companies and icipalities asking them to less energy. His aides have drawn up a new oil alloca- programme, and proposed Congress a string of manda- energy-saving measures h as closing of petrol ons on Sunday) should it e to the worst.

s it happens, all this activity well turn out to be ecessary. Dr. Schlesinger himself a deadline of April o determine what action ld be taken to safeguard oil lies. But Iranian oil has ed to flow again. and the shipment should reach the by the middle of this th. If others follow with- too much delay, the crunch well be avoided. In the ntime, Dr. Schlesinger has , stocks are now 85m barrels w estimated normal levels this time of year, particu- of distillates.

ven if the oil crisis turns o be short-lived, it may have the U.S. a service by sing attention on energy lems in a way which last 's damaging debate on the ted Energy Bill never did. ces close to Dr. Schlesinger argue that the mood in ress could be shifting in r of new energy lation.

r instance, Senator Henry son, long an advocate of p energy and chairman of Senate Energy Committee which effectively scuppered the Energy Bill, said in a TV interview last month that curbs on petrol sales would have to be the first step in "part of a discipline I think that this country must get involved in. Our lifestyle isn't going to be the same." He also predicted that the cost of petrol would rise to $1 a gallon within a year. Currently it is about 75 cents a gallon.

Inevitably most of the debate centres on oil, and the need to use less of it. In principle, the U.S. should scrap controls which have kept the price of crude and oil products well below world levels, a move which would simultaneously discourage consumption and give the oil companies a greater incentive to explore and produce. But though this action is advocated by the Department of Energy and other key Government agencies like the Treasury, it is unlikely to happen because of President Carter's priority commitment to fighting inflation.

The President could abolish controls by executive action from June 1, but the best the Energy Department hopes for is a gradual abolition, extending either to the end of 1980, the date set by Mr. Carter at last year's Bonn Summit, or to September 1981 when the controls expire anyway.

Meanwhile the Department of Energy has done its best to achieve its goals within the present regulatory framework. Using the so-called "tilt," it has enabled oil refiners to channel, or tilt, more of their costs into petrol, meaning that this important fuel will, over the next 18 months, come to reflect world prices almost as fast as if controls had been abolished.

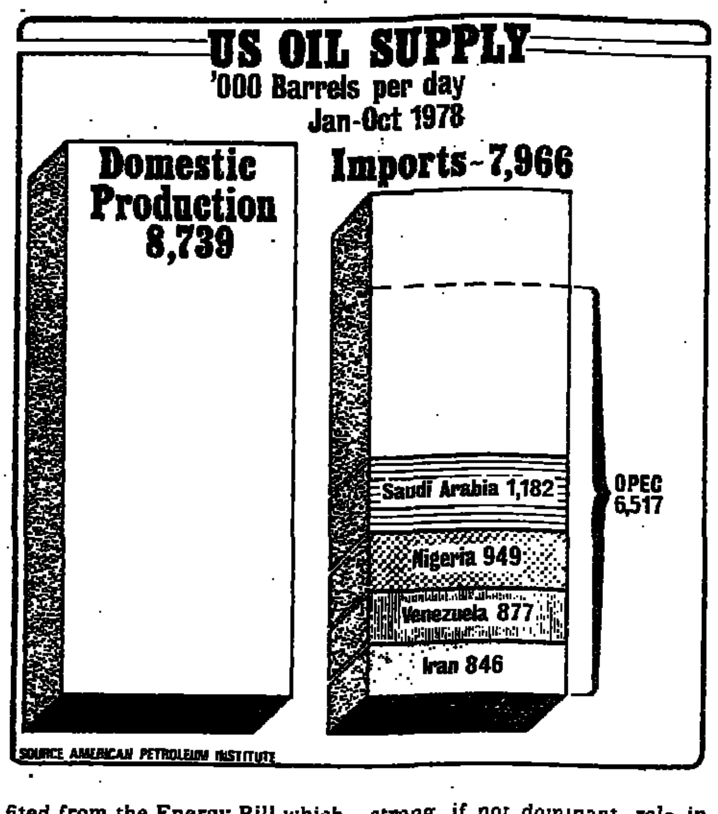
The last two months have also thrown up ideas—old and new—about how the U.S. could make better use of its oil resources. One is to increase production from the North Slope in Alaska above the current 1.2m barrels a day. Although the firm proposals so far reported provide for only a small increase of about 150,000 b/d by means of new pumping stations, the broader issue of bringing Alaska up to its supposed maximum capacity of 2m b/d is also being mooted.

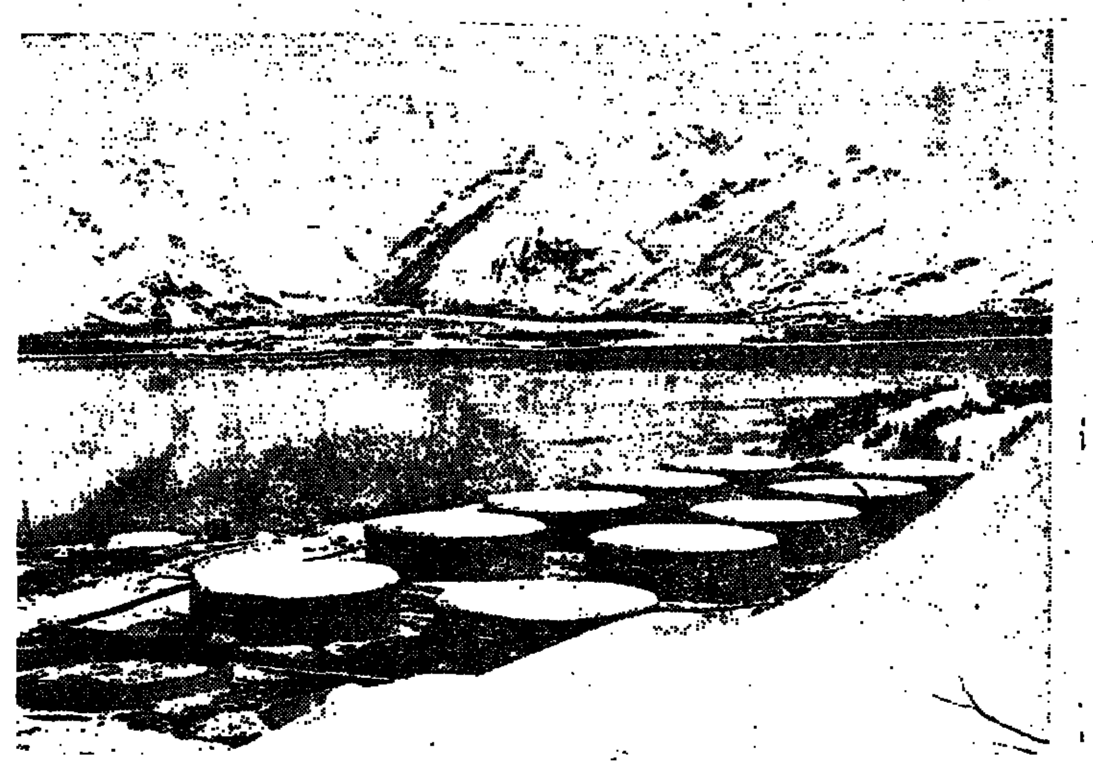
However, this would require the consent of the seven oil companies in the Alaska consortium, many of which have conflicting interests. Even if they do agree to raise production substantially, it would still take several years to instal new equipment. So Alaska offers no short-term solutions, though it must figure in any long-term outlook.

A related proposal is to export Alaskan oil to Japan under a three-way "switch deal" with Mexico. This would provide for Mexican oil contracted for Japan to be shipped to the energy-short U.S. east coast, with compensating amounts going from Alaska to Japan. Apart from saving thousands of miles in transport costs, this would also end the absurd practice of shipping Alaskan oil to the east coast at great cost through the Panama Canal because there is no appropriate pipeline connecting the west coast to the rest of the country. The switch would need Congressional approval because of the current ban on oil exports.

Standard Oil Ohio, an affiliate of British Petroleum, has put forward a $1bn plan for a pipeline to move Alaskan oil from a Californian port to the central and eastern U.S., but Mr. Schlesinger said on Monday that the company was about ready to throw in the towel because of environmental and other delays.

With oil policy in such a log-jam, the Department of Energy is more hopeful of shifts on other fronts, particularly to fuels which could reduce dependence on oil. Dr. Schlesinger has become a loud advocate of natural gas, one of the few resources to have benefited from the Energy Bill which encouraged producers to sell gas on the inter-state, as opposed to intra-state market, by removing controls on inter-state shipments. In fact, the Bill released so much gas, 1 trillion (million million) cubic feet by department estimates, that some of the rules forcing utilities to convert from oil and gas to coal are being suspended. Dr. Schlesinger also hopes that the current urgency of the energy situation will hasten approval of the pipeline across Canada to bring Alaskan gas to the U.S. The date for its completion has been slipping further into the future. A date of 1983 was last mentioned.





Oil tanks at Valdez where Alaskan oiil is transferred from pipeline to tanker

The crisis may also have weakened the environmental lobby which has come to play a strong, if not dominant, role in the energy debate. If so, it may be possible to relax some of the emission standards which inhibit the wider use of coal, the greatest domestic energy resource. Even if the department only manages to relax them on a temporary basis, the move could always become the thin end of the wedge.

Equally important, a decline in the strength of the environmentalists could pave the way for more nuclear power, said by many to hold the key to the country's long-term energy problems. At the moment, the nuclear programme will come to a halt in the mid-1980s when all current projects are completed. Although nuclear plants will then number some 200, accounting for a quarter of electric power generation, nuclear advocates argue that the next phase must be planned and approved now because of the long lead times, of seven years on average.

Dr. Schlesinger's department is expected to take advantage of the country's current concern about energy to make a strong pitch in favour of nuclear power, possibly in the form of a major policy statement by the secretary, and follow it up with legislation to make it easier for utilities to move ahead.

Generally, the emphasis is on raising self-sufficiency, which is one of the reasons why the Administration remains ambivalent about Mexican energy. Although this newly energy-rich neighbour has offered to sell its gas to the U.S., there is still deep disagreement on price. Mr. Carter's recent visit to Mexico may have narrowed the gap a bit by establishing a joint team to examine prices. But Dr. Schlesinger still strongly opposes a Mexican gas deal, partly because he cannot foresee agreement on price, partly because of the good prospects for domestic gas production, particularly if the pipeline from Alaska is built.

The other broad aim is to cut domestic energy consumption. The U.S., in common with other members, committed itself at the recent International Energy Agency meeting in Paris to cut its energy use by 5 per cent, a margin that should be possible given that the country consumes far more per inhabitant than most other advanced industrial nations.

This target will be reached by a combination of regulation (car mileage standards etc), and price policy. At the moment, controls apply to crude oil, petrol and a number of lesser products. Specific absentees from the list include heating oil (deregulated two years ago and now rising fast in price, and instilling an admirable level of energy cost-consciousness among householders), and aviation fuel, which was deregulated only a few days ago, and has already prompted the airlines to apply for fare increases.

But whether Americans tackle the energy problem in big enough numbers and with a sufficiently unified sense of purpose remains to be seen, despite the department's optimism.

Letters to the Editor

queeze on rmers

: Mr. P. Wormell.

,—I must support Anthony (March 12) in highlight- he current squeeze that is farmers. He puts the fairly and squarely upon head of our unfortunate ter John Silkin, and the es of this Government ds agriculture.

ile the Government is nsible for setting the for British farmers, it have control of all ts and has no control costings. Sharply rising are throttling farmers now. nk overdrafts have doubled e past four years, from n to over £1.85m; and they need to rise sharply in g months due to the nal nature of inputs for production as we wait for arvest.

e a simple crop such as t: it was costing Essex rs £155 an acre to produce p of wheat just two years Last year it was £170, and year will be at least £200. eful wheat yield over the farm would be 2 tonnes acre (and the national ge over the last five years ly 37-38 cwts) and a fair nption of price levels would expect £90 per tonne. At yield and this price it pro- a loss of £20 per acre. t at £100 per tonne gives break-even figure without estige of profit. We erately need price levels in s of £100 to cover our costs. calation in costs has in- d a modest rise in fertiliser chemical costs of £7 per and seed prices have lly fallen marginally. But fixed costs that have lled away out of control by ure of £22 per acre in the two years. Rent and rates 7 per acre, labour by £7 acre, machinery running by £4, and others by er £4, making a massive per acre additional cost.

we approach harvest time inputs increase, and we need to borrow £200 per to finance what is certainly of the cheapest crops to . Potatoes, sugar beet and crops will need an even er capital investment. It to explain the increase in drafts.

ain prices are deter- d more by Chicago and national commodity mar- than by John Silkin, although manipulations monetary compensatory nts keep cereal prices dropping through the they are designed to help livestock farmer. There been rises recently in levels which, although do not go far enough to cereal farmers hopes of ncy, are still acting against interests of livestock ers whose feeding costs are rising.

gs provide 10 per cent of output of UK agriculture are high cereal input als, poultry occupies 6 per of output, but milk and products take 21.5 per cent tput and a squeeze on milk ucers really bites deep overall farming profit- ty. Higher cereal prices hit 65 per cent of the total ut of farmers.

e only answer to this nma is an overall raising ll farm end prices—by far than a 5 per cent devaluation of the Green Pound—and it must be done this year. Would anyone dare to predict that cost increases can be contained at under 10 per cent for 1979-80?

Peter R. Wormell,
Langenhoe Hall,
Abberton,
Colchester,
Essex.

The redcoats are coming

From Mr. J. Hess

Sir,—Lex (March 12) on the bids by UK banks for three financial institutions in the United States raises the question of whether the acquistions will be approved by U.S. regulatory authorities. It appears that the approval process will not be a short one, and the outcome in all three cases is anyone's guess. U.S. authorities are publicly concerned about foreign take-overs in the domestic banking industry. This concern will not disappear; if anything it will probably intensify.

Perhaps UK banks, which are contemplating acquistions in the U.S., and even those which have already announced bids, should re-evaluate their strategy and not dismiss the alternative of increasing direct entry efforts into the market. Although direct entry is more time consuming, it has some advantages. It allows phased establishment of market presence. It does not require a one-time investment of large amounts of funds, as does an acquisition, and it might be less subject to adverse public opinion and regulatory debate.

John A. Hess,
Cresap, McCormick and Paget Inc.
30-32 Mortimer Street, W1

Well-dressed executives

From the Managing Director, Hilditch and Key

Sir,—I would like to take issue with your correspondent Eric Short on two points arising from his article (March 7) on suit leasing.

The price of a hand-made top-quality suit has not risen "far ahead of price inflation" in recent years. Our suits, which are hand made throughout, retail at approximately £250. Five years ago this figure was £150 and that rate of increase, while being regrettable to us, is not only in line with inflation but below it.

With regard to the "benefit in kind" aspect of suit leasing, how many people wear pin-striped business suits in the evening or at the weekend? The social facts of modern life are that most business men cannot wait to get out of their suits and into the more casual mode of dress that appertains today.

Many companies, both large and small, have become alarmed at the deteriorating standard of dress of their senior executives which has arisen solely because over the last ten years salaries in Britain have slipped to little more than half those paid in other major western countries at a time when direct taxation has continued to rise. One result is the fact that most senior executives in Britain cannot afford top-quality clothing and could not, even if the price was the same as in 1975.

This contrasts completely with their foreign counterparts who can be seen any day of the week in our shops and others like ours buying quality merchandise and appearing at meetings dressed like British business men of old to the obvious advantage of themselves and their companies.

Regardless of an executive's marginal tax rate, if his company provides cash by way of a clothes allowance there is no guarantee that he will spend it all on clothes; in the beleaguered economic state of most executives the chances are they would not spend any of it on clothes. Suit leasing solves this problem for the employer.

I find it most disconcerting that a method of doing business which is so small in Britain compared to, say, the U.S.A. should come under so much examination. If leasing enables companies in Britain to purchase more goods whether it be cars, cranes or suits than they otherwise would, this surely should be encouraged. In our case operating in a labour-intensive business where any increase in turnover increases employment, any development which stimulates business should be welcomed and not have to be excused.

A. G. Finch.
Hilditch & Key.
73 Jermyn Street, SW1

Advertising on the BBC

From Mr. P. Penfold

Sir,—The solution to the BBC's cash problems, and the answer to their apparent dilemma over the introduction of advertising on radio, is quite simple.

The Corporation has the only national radio network, and therefore advertisers would fall over themselves to use any facilities offered to them. Why not, then, restrict advertising to one service only — Radio One, where the programme structure is such that it can easily be split into "ad-time" segments, and where the audience of predominately younger people is already well used to having advertisements interpolating the programmes. This would solve all the problems the BBC presently has, and would leave the rest of their services mercifully uncluttered.

The amount of time on offer could be determined, as Mr. J. H. Bescoby suggests (March 8), by the BBC itself, but a pattern modelled on the Independent Broadcasting Authority's maximum allowance of adverts per hour seems to be the best solution.

Phil Penfold.
5, Church Street,
Cramlington, Northumberland

Tapping a new vein

From Mr. M. Isaacs

Sir, — A most interesting question emerges from the aftermath of the recent failure of some banks and brokers to lodge their clients' applications for the two new issues of Government stocks.

Many of these banks and brokers are following the maxim, "My word is my bond" and are accordingly accepting their obligations by compensating their clients. It is with respect to these compensatory sums that the interest arises as there is a good argument for saying that these sums, which reflect "potential profits" that investors would have made, are exempt from capital gains tax. Section 19(1) of The Finance Act, 1965, states that capital gains tax is charged on the disposal of assets; the compensatory sums are not the proceeds of disposals of assets as the stock was never obtained in the first place.

Ironically, it might very well be that those fortunate persons who received such sums will end up in a better position than those persons who obtained stock and whose profits are subject to capital gains tax.

Martin C. Isaacs,
3, Raleigh Close,
NW4.

Petroleum licences

From Mr. R. Kay.

Sir,—Mr. Walkley (March 1) has complained about the recent increase in fees for petroleum licences (Statutory Instrument 1978 No. 635). This increase, the first for ten years, was proposed by the Health and Safety Commission following representations by licensing authorities.

On the face of it, the percentage increase at the lower end of the scale, for licences up to 2,500 litres (550 gallons), appears to be substantial. It reflects, however, the commission's policy that the cost of issuing a licence should be borne by the licensee who introduces the hazard rather than by the general ratepayers. The expense entailed in issuing these licences is now such that the new fees are realistic in relation to the costs involved.

It may be helpful for Mr. Walkley to know that limited quantities of the rubber solution he describes, not more than three gallons in containers of one pint or less, can be kept without a licence in accordance with the Petroleum (Mixtures) Order 1929.

R. W. Kay,
Hazardous Substances Division,
Health and Safety Executive,
25, Chapel Street, NW1.

Flat fares stop fraud

From Judy Basset

Sir,—The report that London Transport is losing some £7m through passenger and staff fraud is an obvious call for the introduction of the "flat fare" system.

LT has claimed in the past that introducing a fare system similar to that in operation in Paris and many North American cities would necessitate hugely increased government subsidies.

With a flat fare system, especially if some kind of token is used, fraud would be almost impossible. LT's answer to this problem is to employ more ticket collectors. Surely this is going to add substantially to the wage bill and in turn raise fares above the already exorbitant levels.

There are other major advantages of a flat fare system such as speeding up passenger flow through ticket halls, reduction in promotional cost of "special" tickets, etcetera, etcetera. Maybe this latest revelation of the inefficiency of the present system will make LT sit up and think.

Judy Basset.
35, Whittingstall Road, SW6.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher speaks at Press Advertising Awards, Grosvenor House, W.1.

Sir Kenneth Cork, Lord Mayor of London, attends Young Businessman of the Year lunch, Mansion House.

Overseas: Mr. Alexei Kosygin, Soviet Prime Minister, and Mr. Morarji Desai, Indian Prime Minister, meeting in New Delhi, announce details of long-term economic co-operation agreement.

French Parliament holds emergency session on unemployment.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours, February. Monthly index of average earnings, January.

PARLIAMENTARY BUSINESS

HOUSE OF COMMONS: Industry Bill, remaining stages. Motions on European Assembly Elections Regulations.

HOUSE OF LORDS: Debate on secondary education. Licensed Premises (Exclusion of Certain Persons) Bill, second reading.

Select Commitees. **Expenditure, Trade and Industry Sub-committee.** Subject: UK domestic air fares. Witnesses: Joint Airports Charges Committee, British Airline Pilots Association. Room 16, 10.15 am. **Parliamentary Commissioner for Administration.** Subject: Reports of the Ombudsman. Witness, Mr. C. M. Clothier, QC, Parliamentary Commissioner for Administration. Room 7, 5 pm. **Public Accounts Committee.** Witnesses: Scottish Home and Health Department, Department of Education and Science. Room 16, 4 pm. **Expenditure, Social Services and Employment Sub-committee.** Subject: Peri-natal and neonatal mortality. Witnesses: British Medical Association. Room 15, 4.30 pm. **Overseas Development.** Subject: UK aid to India. Witnesses: Mrs. Judith Hart, Minister for Overseas Development, Treasury, Room 6, 10.30 am.

COMPANY RESULTS

Final dividends: BL. Britannic Assurance Company BTR. Invergordon Distillers (Holdings), A. A. Jones and Shipman. Montfort (Knitting Mills)—final dividend of 2.837p forecast at time of rights issue. Thomas Robinson and Son. **Interim dividends:** London and Strathclyde Trust. James Walker, Goldsmith and Silversmith.

COMPANY MEETINGS

See Company News, page 24

Tea price decline hits Brooke Bond first half

THE DROP in tea prices has hit overseas trading profits of Brooke Bond Liebig to the tune of £9.01m in the six months ended December 31, 1978, and has continued to affect results in the second half.

Taking into account a higher trading contribution of £6.32m against £4.84m from the UK companies, an increased associates contribution, lower interest and a higher profit on sales of land and buildings, the first half group pre-tax balance came through £4.24m down at £17.98m.

	Six months 1978 £000	1977 £000
External sales	325,521	374,596
Group trading profit	16,589	24,121
UK	6,318	4,844
Overseas	10,271	19,277
Associates	1,433	435
Interest	2,203	3,766
Leaving	15,819	20,790
Profit on sales	2,163	1,428
Profit before tax	17,982	22,218
Taxation	7,692	10,340
Net profit	10,290	11,978
Minority	613	1,280
Extraordinary debits	321	—
Attributable	9,356	10,698

The directors report that the tea and meat operations in the UK achieved better trading profits while overseas the drop in tea prices had a significant effect on the plantation companies. Profits were also sharply down in Pakistan, the U.S. and South America.

Looking at the second half the directors state that the lower tea prices have continued to affect plantation companies' profits; however group results for this period are expected to be close to the £21.62m achieved in the second half of 1977-78.

For the year, profits from Africa and Asia will be down (including the effect of treating Brooke Bond India as an associate), while in other areas profits are expected to show an improvement overall. In addition, five months results will be included in respect of the Bushells acquisition.

The net interim dividend is increased from 0.831875p to 0.915p—the total for 1977-78 was 3.08626p.

Brooke Bond India was an associate throughout the six months to December 31, 1978, and therefore its sales are not included for this period. The sales figures for the six months to December 31, 1977, included £54.5m for this company.

See Lex

HIGHLIGHTS

Two big food groups yesterday reported results which are considered by Lex. Profits at United Biscuits have risen around a tenth, with the U.S. side recovering fast in the second half, but the advance so far this year in the UK has proved a little disappointing. At the half-way stage Brooke Bond shows an expected shortfall on last year with a UK recovery failing to offset a drop in plantation profits following a slump in the tea price. Elsewhere, Lex considers the shake-out in the Swiss Bond market where there is talk of a buyers' strike. At home the key economic news concerns the banking sector where there was more room within the corset in February although money supply for the month could show a slight rise despite big sales of gilt-edged stock. Inside comments include views on Kleinwort Benson and J. Bibby.

Bibby climbs to £8.4m

WITH PRE-TAX surplus ahead 36 per cent from £6.17m to a record £8.4m for the year ended December 30, 1978, J. Bibby and Sons has beaten the forecast of £7.5m made at the halfway stage, when profits were up £0.93m to £3.72m.

In spite of the setback resulting from the transport strike in January and the uncertainties of current EEC agricultural negotiations, the directors expect a modest improvement in current year profits.

Turnover for 1978 was slightly lower at £167m (£168.18m), but attributable profits rose 39.6 per cent to £6.42m, after tax of £1.98m (£1.86m) and extraordinary items.

Subject to Treasury consent, a net final dividend of 6.732p hoists the total payment by 47.5 per cent from 6.5985p to the maximum permitted 9.732p, which is covered 7.95 times by stated earnings of 77.37p (51.65p) per £1 share.

Mr. Leslie Young, the chairman, reports that the industrial group achieved increases in both sales and trading surplus in 1978.

Within this group, the paper and converted products division provided the larger gain in profits, while the edible oils sector continued the upward trend of the past three years.

The agricultural group increased its trading surplus to a record level, in spite of lower sales primarily due to the disposal of two activities in 1977.

The best performer here was the feeds and seeds division which had a record year. After allowing for structural changes within the group, the improvement in profits in the farm products activity was marginal and did not reach the expected growth level.

A high level of trading profits enabled short-term borrowings to be reduced for the fifth successive year. This, with lower interest rates during 1978, resulted in significantly reduced interest charges.

	1978 £000	1977 £000
Sales	166,996	168,176
Trading profit	8,008	6,088
Share of assocs. profits	392	86
Profit before tax	8,408	6,174
Tax	1,976	1,859
Net profit	6,424	4,316
Extraord. debits	9	†279
Attributable	6,415	4,595
Dividends	887	625
Retained	5,433	3,838

† Credits.

● comment

Bibby's 1978 profit is above the general market estimate of about £8½m and 36 per cent up on 1977. Behind the overall growth is a mixed bag of ups and downs that can be expected from a diversified food group. In the biggest operating division, feeds and seeds, modernisation of feed mills plus a marketing drive centred on new strains of winter barley, wheat and rape seed were the main forces behind a jump in its contribution. The edible oils activities had a better year but higher productivity and a better performance from refining was almost offset by a downturn in oil extraction results. In the first half oil extraction was beleaguered by problems associated with ageing equipment, and then it was caught by teething problems on replacement equipment. These were sorted out towards the year end. Farm products was marginally better despite problems when the egg price plummeted towards the end of the year. In the current year raw material prices are hardening and there was an irretrievable loss of profit when the edible oil mill shut down for a month during the transport drivers' dispute. But directors are confident of a modest improvement in profits this year. The shares dropped 10p to 325p giving a yield of 4.6 per cent (after a massive jump in dividend) and a p/e of 4.1.

Utd. Biscuits tops £42m —sees lower first half

PROFITS BEFORE tax of United Biscuits (Holdings) rose from £38.1m to £42.2m in 1978 on turnover of £710.4m compared with £630.2m previously.

When reporting first half profits up from £17.04m to £18.6m, the directors expected the rate of profit increase in the second six months to be in line with the rate of increase of the first.

On current year prospects, Sir Hector Laing, chairman, now says that the disruptions of the road haulage dispute will have a serious effect on the first half results this year which are unlikely to reach last year's levels.

Earnings per share for 1978 are shown at 13.8p against 13.4p and the final dividend is the forecast 1.506p making a total of 3.006p against an equivalent 2.72p in 1977.

	Year 1978 £000	1977* £000
Turnover	710,400	630,200
Trading profit	46,063	42,188
Interest	3,855	4,068
Profit before tax	42,208	38,120
Taxation	7,417	9,084
Net profit	34,791	29,036
Extraordinary items	2,216	1,904
Attributable	32,575	27,132
Dividends	7,686	6,372
Undistributed	24,890	20,760

* Restated.

Contributions to sales and trading profits show the UK with £455m (£378.1m) and £32.3m (£28.4m) respectively; U.S., £227m (£225.9m) and £14.6m (£14m), Europe, £20.5m (£17.9m) and £0.9m loss (£0.6m loss) and the rest of world, £7.9m (£8.3m) and £0.1m (£0.4m).

Extraordinary items comprise £3m provision for closure cost of a factory, £1.73m excess of fire insurance claims over written down values (net), £855,000 (£1.1m) exchange differences, £143,000 (nil) off goodwill of subsidiaries, £55,000 debit (£199,000 credit) on other items and £606,000 expenses of Eurobond issue in 1977.

The intensified competition in the High Street adversely affected trading profit margins, says Sir Hector. Nevertheless, performance in the UK was excellent in the circumstances.

Keebler Company sales in the U.S. in the last quarter were buoyant and overall trading profits were at an acceptable level. Shaffer Clarke has expanded sales of Carr's biscuits exported to the U.S. Their expertise will now be extended to marketing other of the group's UK brands.

Retrenchment at Productos Ortiz in Spain will make the company more viable, albeit on a lower scale of activity.

Regarding the investigation by the Price Commission, Sir Hector states that if necessary price increases are disallowed, the inevitable result will be that the group's added value will decline and the consumer will be subsidised from funds which would otherwise be allocated to re-investment.

This has dangerous implications for future security of employment, the chairman says.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
General Mining	39‡	May 5	27	60	45
Johnson Cleaners	3.56	April 12	2.62	5.06	3.89
Fairclough	2	July 2	1.39	3.5	2.49
East Lancs. Paper	2.18	May 4	1.95	3.69	3.3
Brooke Bond ......int.	0.92	July 2	0.83	—	3.09
Lambert Howarth	2.5	May 14	2.27	3.5	3.17
Kleinwort, Benson	2.8	May 15	2.47	4.6	4.16
Utd. Biscuits	1.51	July 2	1.82*	3.01	2.72*
J. Bibby	6.73	—	4.04	9.73	6.6
S. W. Farmer	5.55	—	5.05	12.35	5.05
Ductile ......int.	2.12	May 4	1.93	—	5.41

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout (comparitives adjusted for subdivision).

Rank warns on falling short of targets

BY JOHN MOORE

SHAREHOLDERS OF the Rank Organisation were warned, yesterday, at the annual general meeting by Mr. Harry Smith, the chairman, that the financial targets which the group had set itself for the current year are unlikely to be achieved.

On the Stock Exchange Rank Organisation's shares fell 6p to 278p after the announcement.

Mr. Smith explained "There have been a number of unpredictable events which have inevitably had an adverse effect on our operations. I refer, first to the recent period of industrial unrest and in particular to the transport industry dispute which disrupted supplies to and deliveries from our factories; secondly, to the unusually severe weather conditions this winter which have kept people indoors to the detriment of some of our leisure activities."

He added. "We are making the greatest possible efforts to recover from this setback but I think it is now unlikely that we can achieve the targets which we had set ourselves during this financial year."

Mr. Smith announced a new business venture that it had entered into with Xerox Corporation of the U.S.

A new holding company is being established in the U.S., 51 per cent owned by Xerox Corporation and 49 per cent by Rank with profit participation (in line with other Rank Xerox companies) of two thirds to Xerox and one third to Rank.

The new venture will not be involved in xerographic businesses. It will concentrate on the manufacture and sale of office equipment including high speed printers and related accessories, plotters, disc drives, word processing equipment, small business systems and document finishing products. Other interests included book publishing and the publishing of sales, management and communication training programmes for industry, commerce and government.

Xerox already owns these companies, but it has offered Rank the opportunity of investment. Rank is planning to inject $6.7m.

During shareholders' question time Mr. Thom Robinson questioned Mr. Smith on Rank's attitude to the principal of the closed shop.

Mr. Smith replied that while sharing a widespread concern over closed shop agreements the group had to take into account the general situation. "Closed shop agreements are not against the letter or spirit of the law," he said.

Mr. Robinson tried to force a poll on the adoption of the accounts but failed.

Dixor surges to record £51,403

Taxable profits of Dixor, manufacturer and packer of decorative cosmetics and hair care products rose to a record £51,403 in the year to September 30, 1978, compared with £9,979 in the nine months to October 1, 1977.

Turnover increased from £132,506 to £399,022, reflecting the widening of the range of products, the directors say.

They add that once the move to a new factory in Thornton Heath, Surrey, is complete they are confident the company will have a solid base for further expansion in contract manufacture and packaging.

After a tax credit of £2,587 (£461), stated earnings per 5p share are shown to have risen from 0.93p to 4.83p. The net dividend is up from 0.2456p to 0.3324p, at a cost of £3,713 compared with £2,743.

Retained profit came through at £50,277 against £5,584 withdrawn, after an extraordinary debit of £13,281.

The directors say the plant being installed at the new factory will expand the company's capacity in creams, powders, nail care and perfumery products. Finances have benefited from the £85,000 realised by the recent sale of freehold premises at Mortlake.

TAYLOR WOODROW

Taylor Woodrow's rights issue of 5.86m shares has been taken up as to 93.06 per cent.

S. Farmer expands to £1.09m and set for further progress

AN INCREASE of 21.8 per cent from £891,000 to £1.09m in profit before tax in 1978 is reported by S. W. Farmer Group, manufacturer of structural steelwork and platework. Turnover was 18 per cent higher at £12.18m against £10.32m.

Mr. Brian Farmer, chairman, says the record figures are in line with expectations and reflect a pattern of steady growth for which the company has planned. He adds that the company has entered 1979 with a full order book and confidently expects to show further progress during the year.

After tax of £564,000 (£449,000), stated earnings per 25p share are shown higher at 22.42p against 18.88p. The net final dividend is lifted from 5.05p to 5.55p, making 8.34p (5.05p).

Pre-tax profits were struck after operating costs of £11.09m (£9.43m). Retained profit came through at £333,000 against £265,000.

At halfway, when taxable profits were up from £500,000 to £503,000, the directors viewed the remainder of the year with confidence.

Commenting on the period under review, the chairman says the spread of the company's activities has enabled it to avoid cyclical problems over the last five years, and future intentions for growth will bear this point in mind.

The company's financial base is very strong, he continues, and the directors will not hesitate to make use of resources at the right moment. Exports still feature very highly—export turnover reached a record £7.19m in 1978—and much time and effort is being given to develop new markets, he adds.

Richmond Park Laundry up to £94,879

Profits of Glasgow-based Richmond Park Laundry Company increased from £52,685 to £94,579 in 1978, before tax of £50,179 against £18,952.

Including the £17,572 loss retained by the subsidiary, the net profit of the parent company was £46,272, compared with £29,860.

The dividend is again 1.45p, costing £24,650.

Fairclough Construction rises sharply to £9.56m

TAXABLE PROFITS of Fairclough Construction Group climbed from £6.95m to £9.56m in 1978, on turnover up from £170.04m to £232.91m.

At the halfway stage, pre-tax profits rose from £3.06m to £4.6m on turnover of £89.84m (£88.05m).

Mr. Oswald Davies, chairman, says there is a good forward workload. During the year there has been further investment in diversification and plant.

He adds that there were significant contributions from overseas operations in the period under review, and full provision has been made against assets in Iran. Mining orders have been received in excess of £60m.

After tax of £5.02m (£3.54m) stated earnings per 25p share are higher at 10.33p against 7.67p. The net final dividend is lifted from 1.388p to 2p, making 3.5p against 2.488p.

	1978 £000	1977 £000
Turnover	232,909	170,041
Profit before tax	9,555	6,950
Tax	5,020	3,537
Net profit	4,535	3,413
Extraordinary credit	124	—
Dividends	1,536	936
To reserves	3,123	2,477

● **comment**

With a 37 per cent pre-tax profit rise last year and a strong order book for 1979, Fairclough should be approaching the point where the shares command a premium rating. The share placing in conjunction with the recent Robert Watson acquisition has, as anticipated, enabled the group to lift the net total dividend by 41 per cent where the gross yield at 76p, up 4p yesterday, is 7.1 per cent. The historic p/e on stated earnings is 7.2 which stands marginally below the sector average. Mining orders worth £60m were taken on last year and Fairclough is reasonably confident of winning work of similar magnitude from the NCB in the near future and the high level of capital investment in this field, coupled with the broad spread of other civil engineering and building activities, provide a solid prop for further growth. Iran, inevitably, is a bear point and it seems that Fairclough will be providing around £2m against its plant, bonds and guarantees in that country. Over the longer term, however, the 50 per cent Saudi Arabian associate is expected to start making its contribution although it may be that, like Wimpey, Fairclough is already providing its UK civil engineering companies with profitable work from the Saudi workload.

Freddie Mansfield

BL chairman Michael Edwardes dropped in at the group's Piccadilly showrooms, London, yesterday, prior to announcement of full-year figures—due today.

Second half growth puts Kleinwort over £9m

ALTHOUGH MIDWAY results were slightly down, Kleinwort, Benson, Lonsdale ended 1978 with net profits well ahead from £7.48m to £9.08m.

The directors say the result reflects a good performance from all the group's main activities, the international nature of which have once more proved their worth.

Profits from the banking group rose from £5.17m to £6.12m, after transfers to inner reserves out of which provision has been made for diminution in value of assets.

Orther group companies contributed £1.98m (£1.74m) and share of associates' profits increased from £0.57m to £0.98m.

A final dividend of 2.80089p net, lifts the total for the year from 4.157627p to 4.60089p per 25p share. Retained profits emerged at £6.51m (£5.18m).

	1978 £m	1977 £m
Cash	213	178
Certificates of deposit, etc	193	187
Money at short notice	142	113
Other loans*	230	149
Quoted invests.†	26	23
Advances, other accounts	536	540
Portfolio invests.	37	38
Fixed assets	9	8
Liability of customers‡	244	196
Total	1,630	1,430
Share capital	16	16
Disclosed reserves	68	61
Loan capital	16	16
Deferred tax	32	26
Making	132	119
Current deposit, other accounts	1,254	1,115
Customers' acceptances	244	196
Total	1,630	1,430

* To local authorities and banks. † Of banking group. ‡ For acceptances.

● **comment**

Kleinwort, Benson's 21 per cent profit increase reflects a significant expansion of the bank's business, particularly overseas where the Hong Kong office has grown into a major branch. In year-end balance sheet terms, however, the strength of sterling means that the foreign component is understated relative to last year, and balance sheet totals are up 14 per cent. While 1977 brought a useful boost to profits from capital gains on gilt-edged stocks which were absent last year, in 1978, there was a sharp gain in profits from the bullion trading subsidiary Sharps Pixley. The corporate finance side in the UK has seen activity pick up since the final quarter of last year, and the strength of the stock market may augur well for new issue business. The shares rose 8p yesterday to 120p where they yield 5.9 per cent.

East Lancs. Paper reaches forecast

IN THE face of severe competition in the paper industry, East Lancashire Paper Group achieved forecast pre-tax profits of £1.46m for 1978, compared with £1.17m for the previous 12 months.

At the interim stage when announcing an advance from £636,000 to £708,000 the directors projected that second half results would be similar to those of the first.

They now say that with imports taking nearly half of the UK market they are constantly striving to maintain and improve the company's already strong reputation. To this end capital expenditure in 1978 totalled over £1m, and over the last three years amounted to £3.4m.

Earnings per 25p share are shown to have risen from 10p to 11.1p and the net total dividend is stepped up from 3.3p to 3.685p, with a final payment of 2.176p.

Extraordinary debits, representing reorganisation expenses, amounted to £115,502 (£27,700) during the year.

	1978 £	1977 £
Turnover	28,627,068	28,866,874
Trading profit	2,127,838	1,921,725
Depreciation	555,891	480,730
Interest payable	116,647	272,385
Profit before tax	1,455,300	1,168,610
Tax	726,894	588,217
Profit after tax	728,406	580,393
Extraordinary debit	115,502	27,700
Minority Pref. div.	7,345	7,345
Attributable	605,559	545,348
Dividends	200,849	179,865
Retained	404,710	365,483

Ductile ahead to £2.05m but expects downturn

DESPITE industrial disputes in the motor vehicle industry, Ductile Steels lifted taxable profits from £1.87m to £2.05m in the 26 weeks to December 30, 1978. In his annual statement, Mr. R. Sidaway said he was hopeful that there would be a first half improvement.

He now says that the motor vehicle disputes considerably reduced turnover at many of the group's companies. This was because deliveries were curtailed to component manufacturers which form a significant portion of its customers. Group turnover at midway was ahead from £30.98m to £33.74m.

However he warns that it seems unlikely the group will match results for the whole of the year when it turned in taxable profits of £5.11m on £...7m turnover.

Mr. Sidaway points out that the road haulage strike seriously disrupted production, especially in the steel division, but it is too early to assess the full effect. He adds that they hope to regain some of the lost ground.

The interim dividend is raised from 1.9261p net per 25p share to 2.1187p. The total payment last year was 5.4125p, and this year the Board expects to pay the maximum permitted final dividend.

The half-year dividend absorbs £...,000 (£247,000). After interest charges up from £212,000 to £311,000 and tax of £995,000, against £783,000, net profit comes out at £1.05m, compared with £1.09m.

The results for the 1977 half-year have been restated in accordance with the change in accounting policy for deferred tax adopted in the 1978 annual accounts.

The group's interests include steel strip re-rolling, manufacturing steel tubes and fittings, electro-galvanisers and iron founding.

● **comment**

It is impossible to be very much more than neutral about second half prospects at Ductile Steels. The group gives no divisional breakdown at the interim stage but, in the absence of significant steel stock profits and a first full six-month contribution from Newman, the re-rolling and tube operations look to be running neck and neck at present. Pre-tax profits have climbed 9 per cent in the first six months despite the impact of motor industry disruption. The automotive sector probably accounts for about 40 per cent of total sales and the cost may have been over £250,000. It is hard to say whether those profits have been lost forever or whether they have rolled over into the January-June period but, in any event, the group is apparently seeing some slight steel order upturn while prospects for the garden furniture and tools element of the tube operation are said to be improving a little. Around a fifth of the product range, by tonnage at least, will enjoy a 7-8 per cent price increase at the end of this month and it is hoped to implement a similar rise across much of the rest of the range within the next six months. Cover rules limit the annual dividend rise to 10 per cent, where the prospective yield at 110p, down 4p, is 8.3 per cent.

Bradmill Inds. profit increase for six months

Reflecting benefits from an internal reorganisation and rationalisation programme, earnings of Bradmill Industries, Australia's largest textile group, 49 per cent owned by Tootal, rose 60 per cent from A$2.05m to $3.3m for the six months to December 31, 1978. Sales were up by 15 per cent to $88m.

The directors point out that 1977 figures are not strictly comparable, being affected by a major power strike in Victoria, and a fire at the main textile mill in Melbourne.

As known the company will pay an unchanged interim dividend of 3.125 cents per share.

Crouch £4.8m investment

Commenting on the results for 1978 reported yesterday, Mr. Derek Crouch, chairman of Derek Crouch, says that the increase in profit has been achieved despite the difficulties caused by the extremely wet conditions towards the end of last year, which affected production both in this country and the U.S., where the company's opencast coal activities "are getting into their stride."

One of the important actions taken during 1978, he says, was the investment of £4.8m in new plant and machinery. This included two 16 cu yd dragline excavators for the operation in Pennsylvania: these will start working later this year. The directors expect the U.S. mining to make a useful contribution to profits in 1979.

Sterling Trust to improve

Despite many uncertainties the directors of Sterling Trust are expecting some further improvement in current year earnings.

They state that it is difficult to envisage any increase in the value of the UK portfolio this year, although income should be maintained for the time being. In the case of the U.S. the problems, although similar in some respects, look far less intractable.

A slowing in the over-rapid growth of the economy and a peaking of interest rates are probable, and this should be reflected in a rise in share values. Japan looks set for further moderate growth but in this case share prices are already at more realistic levels.

As reported gross revenue increased from £1.78m to £1.99m in 1978 and net revenue came out at £1.06m against £0.89m.

Meeting, Bucklersbury House, EC, April 4 at 3.30 pm.

Ginger group seeks injunction in Saint Piran board battle

THE GINGER group trying to overturn the Board of Saint Piran, the building and mining group, yesterday requested the Board to seek an injunction restraining offshore nominee holdings who hold a 30.5 per cent stake in Saint Piran from voting at meetings.

This restraint should be applied until the nominee holdings reveal the true beneficial owners in compliance with the Companies Act 1976.

The companies concerned are Aerolineas Cordoba, S.A. of Panama, Apricot Limited of Hong Kong, Charnwood Investments of Hong Kong, Corony Corporation of Panama, Menthon Corporation of Panama, Ruffec S.A. of Luxembourg, Saratoga Shipping Company of Luxembourg, and Sterling Azalea of Hong Kong.

If the Board fails to take the requested action the ginger group plans to take proceedings on behalf of shareholders.

In a statement yesterday, the five men, who have been proposed as replacement directors of Saint Piran, stressed that the directors of Saint Piran only hold 4,100 shares. The Foreign holdings, which total 3.57m shares, "in fact control the company."

"None of them has a registered address in the UK. Under article 143 of the Articles of Association of the Company, none of them is entitled to receive notices from the company. Yet they are represented at meetings and vote.

"Moreover it is important for shareholders to ascertain the precise relationship between the company and Mr. J. Raper, a former director who still appears to exercise a considerable influence over the company's affairs. He may well be a director in accordance with the definition in the Companies Act 1948, as a director includes "any person in accordance with whose directions or instructions the directors of the company are accustomed to act."

Meanwhile, the ginger group is warning the board that it should take proceedings to restrain the foreign shareholders from voting at the crucial extraordinary general meeting on March 30 until the beneficial ownership of the shares is disclosed.

"If the board fails to take such action by Friday, March 16, we shall do so on behalf of shareholders," say the proposed new directors.

30% decline at Cadbury Australia

Profits of Cadbury Schweppes Australia, the confectionery and soft drink group, dropped 30 per cent from A$9.13m to A$6.38m in the 1978 year. Second-half earnings fell from A$5.45m to A$2.84m.

Stated earnings were lower at 10.1 cents against 14.6 cents, and the dividend is the same at 6.75 cents.

The directors say the second-half decline was the result of depressed consumer demand, lower than expected volume sales of confectionery and some loss of share in the total chocolate market.

As a result, they add, there was a serious decline in the operating profit of the confectionery division, but a satisfactory recovery is expected in 1979.

Lunuva Tea goes ahead to £152,757

As anticipated at the nine-month stage, pre-tax profits of Lunuva (Ceylon) Tea and Rubber Estates were higher in 1978 at £152,757 against £110,765.

Stated earnings per £1 share are shown ahead at 11.01p (7.89p), while the net dividend is lifted from 5.5p to 10p at a cost of £85,378 (£46,958).

After UK and Sri Lanka tax of £58,756 (£43,348), and an extraordinary debit last time of £4,973, net profit was £94,001 (£62,444). Attributable profit came through at £170,260 (£123,217).

Anglo-Transvaal Consolidated Investment Company, Limited

Incorporated in the Republic of South Africa

Interim report
for the half-year ended 31 December 1978

Financial results

The unaudited consolidated financial results of the Company and its subsidiaries (excluding mining subsidiaries) are estimated as follows:

Year ended 30 June 1978 R000		Half-years ended 31 December 1978 R000	1977 R000
458 522	Turnover	258 411	223 021
46 961	Profit before taxation	31 435	19 741
13 860	Taxation	9 952	6 390
33 101	Profit after taxation	21 483	13 351
16 639	*Attributable to outside shareholders of* subsidiaries	11 045	6 543
16 462		10 438	6 808
291	Preference dividends (including fixed portion of participating preference *dividends)*	145	146
16 171	Profit attributable to ordinary, "A" ordinary and participating preference shareholders	10 293	6 662
381 cents	Earnings per ordinary and "A" ordinary share	243 cents	157 cents
—	Extraordinary item not included above	1 261 cr	—
1 797	Capital commitments	2 166	2 366

The extraordinary item of R1 261 000 relates to the surplus, after deducting the interest of outside shareholders, on disposal by The Kerguelen Company Limited of its 10 per cent holding in Rainbow Chicken Limited's ordinary shares.

Dividends declared or paid during the half-year

	1978	1977
Half-yearly dividends on the 5 per cent and 6 per cent preference shares	72	73
Interim dividend of 30 cents per share (1977 — 25 cents) on the ordinary and "A" ordinary shares	1 070	892
Interim dividend on the participating preference shares at a fixed rate of 5 per cent per annum plus a participation of 15 cents per share (1977 — 12,5 cents)	300	262

The final dividends on the ordinary, "A" ordinary and participating preference shares which were declared in June 1978, were paid on 2 August 1978.

Investments

The market value of the Company's listed investments at 31 December 1978 was R105 505 000 (1977 — R93 865 000), compared with a book value of R38 825 000 (1977 — R37 268 000).

General

All industrial companies, other than those operating in the engineering sector, participated fully in the improved trading conditions which prevailed during the half-year and this, combined with stringent cost controls, led to substantial increases in their profits. The maintenance of profits at these levels for the balance of the year will depend largely on the ability of companies to recoup cost escalations which will flow from the recent increases in the price of petroleum products *and which will have a major impact on certain of our companies.*

Income from the Group's gold mining investments was substantially higher as a result of the increased price received for gold and at current prices, income for the year from this source will be higher than that of the previous year.

For and on behalf of the board
B. E. Hersov, *Chairman*
R. J. Hamilton
Directors

London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

Registered Office
Anglovaal House
56 Main Street
Johannesburg 2001

12 March 1979

UK COMPANY NEWS

Johnson Cleaners advances 63% and hoists dividend

A 63 PER CENT jump in taxable profits for the year to December 30, 1978, is reported by Johnson Group Cleaners. Pre-tax profits rose from £2.05m in the 53 weeks to December 31, 1977, to £3.34m on turnover net of VAT 31 per cent ahead at £26.53m, against £20.27m.

Treasury approval has been given for a 30 per cent dividend increase. A second interim payout of 3.5584p, to be confirmed as a final, lifted the total from 3.8911p to 5.0584p net per 25p share. Stated earnings per share are up from 14.43p to 21.18p on *attributable* profits of £2.77m (£1.88m).

The pre-tax profit includes £78,889 from Zernys, the retail drycleaners, which joined the group on January 4 last year. At that time the company was barely profitable.

A further £212,465 came from Capital and County Laundries, trading as Kneels, which joined the group on July 6, 1978. Earnings from this company were not included in the group's half year figures which showed taxable profits ahead from £625,164 to £1.34m.

Commenting on the results, Mr. John Crockatt, chairman, says trading in the retail drycleaning market continued to be buoyant in the second half, and expansion of the workwear and towel rental services continued.

Tax for the year takes £573,954 (£165,145). There was a urplus on property sales of £596,487 (£324,242) and extraordinary costs due to reorganisation of £193,557 against £176,901 net of tax.

● comment

Johnson's final figures are impressive. After stripping out contributions from companies acquired during the year the *pre-tax figure still shows* a very healthy 49 per cent gain. Its share of the retail drycleaning market has edged up to something around 21 per cent but this appears to be at the expense of smaller competitors rather than its arch-rival, Sketchley. The increase in consumer spending has meant that the volume handled by retail drycleaners is growing and, being a volume sensitive business, the return from the extra throughput is very high. The profit from the workware and textile rental service is expanding but at present it is still very much a secondary activity to drycleaning. The dividend is up 30 per cent even though directors have elected not to pay the maximum available under the cover relaxation. As a result dividend cover is up from 3.71 to 4.2 times. The yield at 129p is 6 per cent and p/e is 5.9.

HAWKINS & TIPSON

The £520,000 rights issue by Kent-based Hawkins and Tipson has been taken up as to 87 per cent.

First-half loss for W. Sinclair

An attributable loss of £273,000 after adjustment for pre-acquisition reserves in the half-year to December 31, 1978, on turnover of £10.4m, is reported by newly-formed William Sinclair Holdings. The company was established through the merger of William Sinclair and Son and Lindsey and Kesteven Fertilisers.

In the same period last year, the two companies together made a loss of £251,000 on turnover of £9.15m—there was a full-year profit of £810,000 on turnover of £21.94m.

Mr. Eric Izod, chairman, says the recent road haulage strike and bad weather makes forecasting difficult but they could affect *full-year trading results.* He adds that the cyclical nature of group activities is normally reflected in a first-half loss.

The net interim dividend is 1.4p, and the directors are confident a second interim payment of 3p will be payable in November.

Today's company meetings

ACE Machinery, Westmoor Street, Charlton, SE, 12. S. and W. Berisford, Tower Hotel, St. Katherine's Way, E, 12. Homfray, Riding Hall Mills, Halifax, 12. Makinnon of Scotland, Kirkshaws Road, Coatbridge, 11. Midland Industries, Mount Hotel, Mount Road, Tettenhall Wood, Wolverhampton, 11.50. Saatchi and Saatchi, Savoy Hotel, WC, 12. R. Smallshaw (Knitwear), Druid Street, Hinckley, 12. United States and Gen. Tst. Con., Investment Trust Service, Bucklersbury House, 11 Walbrook, E.C., 11.

37 companies wound-up

Orders for the compulsory winding-up of 37 companies were made by Mr. Justice Vinelott in the High Court. They were:

Nasonford; Plazacrest; Lassman Automobile Engineers; Finebridge Commerce and Commodities; D. W. Johnson Servicing; S. and L. Cranes; Seafield Fashions; Enever Davidson Associates; Robinson Douglas (Painting and Decorating); Peteric Transport Services.

North London Finance Company; Maurice J. Lubin (Property); Merlcrete; Aerial Demolition; Johnson Neon (Liverpool); Leyland Drilling (Contractors); A. Bakes and Sons (Felt-Roofing); Porter and Thomas (Decorators); Tellercrest; *Harrison Leigh.*

J. Jorden (Transport); J. H. Ainslie and Company; Merrimac *Warehouses; Swann Construction* (Stamford); Canespa (UK); Cosmic Heating; Pearson, Smyth and Co.; Wedvale Transport; E. C. Woodley.

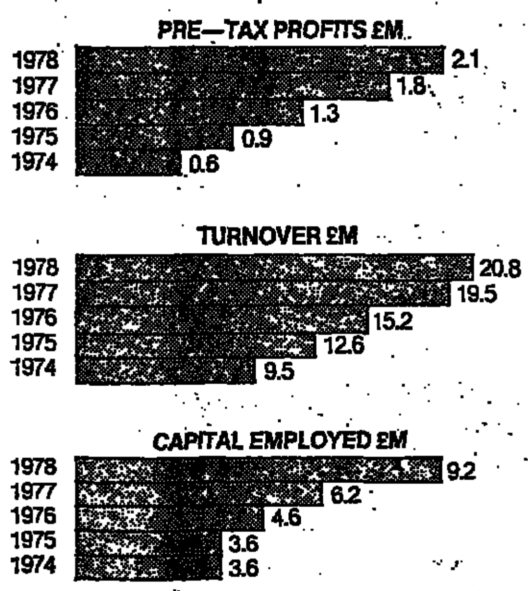
John Naylor (Bakers); Royston Du Maurier; Celeright; Fronote; D. J. and J., G. Pridmore; M. M. Microwave Services; Boma Beauty Products; The Plaistow Working Men's Club and Institute.

A compulsory order made on March 5 against Nicholason and Parrish was rescinded, and the petition dismissed by consent.

Last week orders on Holland-Martin Parker Enterprises and Superior Seating were rescinded by Mr. Justice Vinelott. Both *petitions were dismissed* with the agreement of creditors.

MIDLAND INDUSTRIES LIMITED

'A PERIOD OF SUSTAINED GROWTH'



Copies of the Annual Report and Accounts can be obtained from The Secretary, Midland Industries Ltd., Heath Town Works, Wolverhampton, WV10 0QD.

ACT

Applied Computer Techniques (Holdings) Limited

('ACT')

Share Capital

Authorised £		Issued & fully paid £
53,645	in 53,645 5.6% Cumulative Redeemable Preference shares of £1 each:	53,645
300,000	in 3,000,000 Ordinary shares of 10p each	262,700
£353,645		£316,345

The placing has been completed of 262,700 Ordinary shares of 10p each of ACT at 95p per share:-

There is no listing on any stock exchange for the shares of ACT and application is not being made to any stock exchange for a listing for any part of the company's capital. However, it is expected that dealings in the Ordinary shares in The Stock Exchange's 'unlisted securities market' will be permitted.

Persons wishing to deal in the Ordinary shares of ACT in the unlisted securities market should consult their stockbroker or other professional adviser in order that the necessary permission for specific bargains can be obtained from the Council of The Stock Exchange.

Full information regarding ACT is contained in a Prospectus dated 13th March 1979 and copies may be obtained from:-

Singer & Friedlander Limited,
Birmingham office
123 Hagley Road, Edgbaston, Birmingham, B16 8LP
and from
Grieveson, Grant and Co.,
59 Gresham Street, London, EC2P 2DS.

BRITISH AMERICAN AND GENERAL TRUST LIMITED

Managers: KLEINWORT, BENSON LIMITED

Extracts from the Statement by the Chairman, Mr. W. H. Conroy and summary of the results for the year ended 31st December 1978

Dividend: Your Board is recommending that a final dividend of 1.125p per unit be paid making a total for the year of 1.85p per unit — an increase of 12.1 per cent.

Assets: Your Trust's Net Asset Value per ordinary stock unit rose by 3.8% from 52.1p to 54.1p.

Portfolio: The geographical distribution of the portfolio remained heavily weighted in the United Kingdom and the stake in the United States has again been reduced. It is your Board's intention to rebuild the United States portfolio in due course.

	1978	1977
REVENUE AVAILABLE FOR *ORDINARY STOCK (Net)	£970,483	£844,355
EARNED FOR *ORDINARY STOCK (* Increased during 1978 by the conversion of loan stock)	1.95p	1.71p
TOTAL ASSETS	£28,107,787	£27,043,171
Attributable to Ordinary Stock	£26,986,402	£25,694,951
Net Asset Value per Unit of 25p	54.1p	52.1p

Annual General Meeting—20 Fenchurch Street, London, E.C.3, Friday, 6th April 1979 at 11.30 am

CORRECTION

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual Interest gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	12	½-year	1,000	5-7
Poole (02013 5151)	11¾	½-year	500	2-3
Poole (02013 5151)	12	½-year	500	4-5
Redbridge (01-478 3020)	12	½-year	200	4-5
Sefton (051 922 4040)	11¾	½-year	2,000	5-7

Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

PRELIMINARY PROFIT STATEMENT AND DECLARATION OF FINAL DIVIDEND NO. 30

PROFIT

Subject to final audit, the following are the profits of the corporation and its subsidiaries for the year ended December 31 1978 which should be read in conjunction with the notes below:—

	*1978 R000's	*1977 R000's
Group profit before taxation	84 232	58 817
Less: Taxation and deferred taxation	26 456	20 609
Group profit after taxation	57 776	38 208
Less: Profit attributable to minority interests in subsidiary companies	5 367	217
Group profit, after taxation, attributable to the corporation	52 409	37 991
Number of shares in issue	26 861 947	26 861 947
Earnings per share—cents	195.1	141.4
Dividends per share—cents	80.0	70.0

* In the opinion of the boards of directors of two wholly-owned subsidiaries of the corporation there is uncertainty regarding the recovery of profits from certain of their respective foreign subsidiaries. Consequently, the results of such foreign subsidiaries have not been consolidated in the respective group results of the two wholly-owned subsidiaries. This policy has been adopted with the consent of the necessary authorities. The 1977 comparative figures have been adjusted accordingly.

Notes:

1. The results of Boart International Limited, Scaw Metals Limited and Bruynzeel Plywoods Limited, as well as the corporation's income from its own investments all showed improvement for the year.
2. The financial results of the following companies, which became subsidiaries of the Amic group during the year, have been consolidated in the group's financial results for the respective periods indicated below:—
   (a) Mondi Paper Company Limited (Mondi)
   The corporation acquired an additional 5 440 000 shares in Mondi with effect from July 1 1978 thereby increasing its equity interest in Mondi from 39.79 per cent to 53.92 per cent. Mondi's results have been consolidated for the period July 1 1978 to December 31 1978.
   (b) Spankor Beperk (Spankor)
   Spankor became a subsidiary of Bruynzeel Plywoods Limited (Bruply) in terms of the merger on April 1 1978 of Bruply's chipboard division with the chipboard manufacturing interests of the Associated Furniture Companies Limited group. The results of Spankor, in which Bruply owns slightly more than 50 per cent, have been consolidated for the period April 1 1978 to December 31 1978.
   (c) African Products Limited
   With effect from October 1 1978, Amic's wholly-owned subsidiary, Orange Free State Land and Estate Company (Proprietary) Limited (OFSLE) acquired the assets and manufacturing business of the African Products Limited group and on December 29 1978 OFSLE changed its name to African Products (Proprietary) Limited. The consolidated results of the African Products Limited group for the period October 1 1978 to December 31 1978 have been included in the consolidated results of the Amic group.

DIVIDEND NO. 30

A final dividend of 55 cents a share (previous year: 48 cents), for the year ended December 31 1978, has been declared payable to shareholders registered in the books of the corporation at the close of business on April 6 1979.

This dividend, *together with the interim dividend of 25 cents a share, declared on September 1* 1978, makes a total of 80 cents a share for the year (1977: 70 cents).

The share transfer registers and registers of members will be closed from April 7 to April 20 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about May 3 1979.

Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on April 24 1979 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the corporation's transfer secretaries in Johannesburg or the United Kingdom on or before April 6 1979.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the corporation and also at the offices of the corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

The effective rate of non-resident shareholders' tax is 15 per cent.

GENERAL

It is anticipated that the fifteenth annual report of the corporation in respect of the year ended December 31 1978 will be despatched *to all registered shareholders on or about March 29 1979.*

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per D. M. Davidson
Divisional Secretary

Registered Office:
44 Main Street,
Johannesburg 2001.

London Office:
40 Holborn Viaduct,
EC1P 1AJ

March 14 1979

Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

Preliminary Profit Announcement and Notice of Final Dividend on the Ordinary Shares

The following are the estimated results of the company for the year ending March 31 1979, and the actual results for the year ended March 31 1978.

	Year ending 31.3.79 R000's	Year ended 31.3.78 R000's
Investment income	80 098	65 053
Interest earned	636	445
	80 734	65 498
Deduct:		
Administration expenses	879	675
Interest paid	—	46
Provision for taxation	252	143
	1 131	864
Net profit after taxation	79 603	64 634
Preference dividend	300	300
Equity Earnings	79 303	64 334
Deduct:		
Interim dividend No. 77 of 230 cents a share	23 000	20 000
Final dividend No. 78 of 520 cents a share	52 000	40 000
	75 000	60 000
Transfer to general reserve	4 000	4 000
	79 000	64 000
	303	334
Unappropriated profit from previous year	3 228	2 894
Unappropriated profit, March 31 1979	3 531	3 228
Number of ordinary shares in issue	10 000 000	10 000 000
Earnings per ordinary share—cents	793	643
Dividends per ordinary share—cents	750	600

Note:
Particulars of the company's listed investments are as follows:

	*12.3.79 R000's	31.3.78 R000's
Market value	846 973	520 123
Book value	46 411	46 411
Appreciation	800 562	473 712

* The last practical date before publication of these results.

Diamond Sales

The company has substantial interests both in De Beers Consolidated Mines Limited and in the diamond trading companies. Sales by the Central Selling Organisation for the year ended December 31 1978 amounted to R2 219 million representing an increase of R416 million or 23 per cent over the sales of R1 803 million for the year ended December 31 1977.

Final Dividend

Dividend No. 78 of 525 cents per ordinary share (1978: 400 cents), being the final dividend for the year ending March 31 1979, has been declared payable to shareholders registered in the books of the company at the close of business on March 30 1979. This dividend, together with the interim dividend of 230 cents a share declared on September 6 1978, makes a total of 750 cents a share for the year ending March 31 1979 (1978: 600 cents).

The ordinary share transfer registers and registers of members will be closed from March 31 to April 12 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about April 26 1979. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on April 17 1979 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries on or before March 30 1979.

The effective rate of non-resident shareholder's tax is 14.9204 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

General

It is anticipated that the forty-third annual report of the company in respect of the year ending March 31 1979 will be despatched to members on or about May 10 1979.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per H. J. E. Stanley
Companies Secretary

Head Office:
44 Main Street,
Johannesburg 2001

London Office:
40 Holborn Viaduct,
EC1P 1AJ
March 14 1979

BIDS and DEALS

Bovis starts talks for sale of Canadian interest

:OTIATIONS have started een Bovis of the UK, which 62 per cent of Bovis Corp. 'oronto, and an investment pany owned by James F. Kay oronto for the possible sale ie Bovis holding at 75 Cana- cents per share.

ie company's remaining eholders could also receive ents per share for their hold- under a proposed amalgama- with a subsidiary of the stment company. At that Bovis Corp. is worth £10.6m Bovis UK would receive m.

e proposed deal is subject approval by the Bank of and and the completion would be before May 31,

ILKINSON MATCH (PANDS IN U.S.

lkinson Match has com- d the joint acquisition with heny Ludlum Industries of HTL Industries Inc. of ornia.

egheny Ludlum has paid y in cash and partly in s for its 80 per cent interest. inson Match has paid $3m for its 20 per cent interest. 'L products are comple- ary to those of Wilkinson h's safety and protection ion and the acquisition is ded to strengthen the o's position in the North rican aviation and military le markets.

IT. ALUMINIUM JYS ALMETEX

itish Aluminium has agreed inciple to acquire Almetex, independent aluminium extruder based at St. Helens in Lancashire. Almetex will join the group's extruded products division.

Boustead bids for Singapore rubber broker

The Singapore subsidiary of Boustead, the UK-based invest- ment holding company, has made an offer worth a maximum $3.77m cash (£0.85m) for the capital of Holiday Cutler Bath and Co., a leading local rubber broking firm.

The HCB directors have recommended acceptance of the offer which closes on April 14 and is conditional on 76 per cent acceptance.

Bousteadco Singapore said that among the benefits expected to accrue as a result of the acquisition are a broadening of its base of operation to include trading in commodities and precious metals in addition to a useful profit contribution.

Bousteadco said that HCB, which recently became a member of the newly formed Singapore Gold Exchange, would also complement the plantation activities of its Malaysian associate Boustead Holdings.

Of the purchase price $3.16m (£0.71m) or $2.60 per share will be payable initially while the balance becomes due in January 1982 subject to deduction for any claims arising from breach of warranties.

HCB's attributable pre-tax profit for 1978 is estimated to be up from $438,789 to $500,000.

Bousteadco has agreed that the terms and conditions of service of the HCB executive directors will be continued on "no less favourable terms" at least until January, 1982.

MR. LACEY BUYS 6.24% STAKE IN ARBUTHNOT LATHAM

Mr. Graham Ferguson Lacey has acquired a 6.24 per cent stake in Arbuthnot Latham, one of the members of the Accepting Houses Committee. The pur- chases have been made in the market over the past couple of months and at yesterday's closing price of 160p, up 3p, the stake is worth £720,000.

Mr. Ferguson Lacey's main investment vehicle is the privately owned Birmingham and Midlands Counties Trust which has significant holdings in eight other public companies.

With the exception of Edin- burgh and General Investments, a reinsurance group, they are all in either the textile or engineer- ing fields.

The list includes Rivington Reed, Brooke Tool Engineering, Bernard Wardle, David Dixon, National Carbonising, Habit Precision Engineering and Hamilborne, a brickmaking com- pany currently undergoing re- organisation.

In general Mr. Ferguson Lacey has built up his holdings in these groups to 20 per cent or above and has sought Board represen- tation. In the case of Arbuthnot, however, he describes his purchase simply as long-term investment. He intends to in- crease his holding ultimately to 10 per cent if opportunity arises.

GEI fails in Moss takeover

gineering group GEI Inter- nal has failed in its attempt ke over Moss Engineering. y 369 shareholders, whose s represented 13 per cent e Moss equity, accepted the offer from GEI.

I's offer had been fiercely sted by the Moss directors, ite of one increase in the Moss workers had publicly ded their support for the directors as well.

the announcement that the had lapsed Moss shares fell 93p.

T/ARMITAGE ERGER FOILED BY RCROS OFFER

ther details emerged yes- of H and R Johnson- rds Tiles' abortive attempt rge with Armitage Shanks, athroom fittings concern.

merger has failed in the f an apparently successful ver offer from Norcros, the eering, construction and ging concern which owns na furniture. On Monday, os announced that it had red a 54.4 per cent stake ohnson and that its offer gone unconditional.

sterday, Johnson revealed shareholders controlling a per cent stake in the ceramic tile concern had accepted the marger terms.

Armitage Shanks shareholders were strongly in favour of the merger and those controlling a 66 per cent stake had accepted. Both offers have now lapsed.

NO PROBES

The proposed mergers of Kwik Save Discount and CEE-N-CEE Supermarkets and of Olym- pia and York Developments and English Property Corporation are not to be referred to the Monopolies and Mergers Com- mission.

BARDON HILL

Bardon Hill Group has sold its civil engineering subsidiary, Charles Gregory (Civil Engine- eering) to Mr. Colin Charles Draycott, former managing direc- tor of Charles Gregory.

SHARE STAKES

City and Foreign Investment —Montague Burton Pensions Trustee hold on behalf of various funds 230,000 ordinary shares (6.75 per cent).

William Whittingham (Hold- ings)—Hambros Bank Nominees have sold 225,000 shares re- ducing holding to 1,039,800 shares (16.66 per cent).

Ratners (Jewellers)—L. M. Ratner, director, has disposed of 100,000 shares and M. Hussain, director, of 4,000 shares.

Beaumont Properties—London and Manchester Assurance Com- pany disposed of 140,000 shares between August 2, 1978 and March 6, 1979, leaving holding at 685,000 shares (below 5 per cent).

Wintrust—R. D. Szpiro, direc- tor, on March 8 acquired 25,000 shares.

Moss Bros.—Stockholders In- vestment Trust has acquired a beneficial interest in 160,000 ordinary shares (7.619 per cent).

Guthrie Corporation—M. and G. External Investment Trust has purchased 20,000 ordinary shares at 515p and 20,000 at 516p. Following these trans- actions, the total number of ordinary shares held by funds managed or advised by M and G. Investment Management was 3,3??,457 (11.94 per cent).

King and Shaxson—10,000 shares have been sold out of the joint holding of T. S. Holder, W. A. O. J. Bell, W. E. C. D'Abbans, D. R. Jarrett and Sir Eric Penn, leaving balance of 1,777,218 shares.

Grange Trust—Courtaulds pensions common investment fund is interested in 794,000 shares (8.25 per cent).

MINING NEWS

Sharp rise in profits for General Mining

BY PAUL CHEESERIGHT

GENERAL MINING, whose acquisitions in recent years have made it second only to Anglo American Corporation in size among the South African min- ing finance houses, yesterday announced a 44 per cent increase in both its net profits and final dividend.

Net profits for 1978 were R124.25m (£72.2m) compared with R86.26m in 1977. The final dividend declared is 39 cents (22.6p), which makes a total for the year of 60 cents, covered 2.5 times by earnings per share of 151 cents. Dividend payments in 1977 were 45 cents.

The figures are a broader image of the Union Corporation results, announced last week. General Mining took a control- ling interest in Union Corpora- tion in 1975.

The markets had anticipated buoyant figures from the group and the shares yesterday moved up 5p in anticipation of the announcement, which came after trading hours, to finish at 475p. But trading was not active.

	1978 R000	1977 R000
Operating income	157,012	127,025
Investments income	51,454	41,302
Realisation of invests.	12,379	3,545
Making	220,845	171,872
Amortisation	10,089	9,559
Interest paid	38,600	30,746
Exploration costs	12,004	9,734
Provisions against inv.	7,601	7,958
Pre-tax profit	152,551	113,875
Tax	28,298	27,614
Income after taxation	124,253	86,261
Outside shdrs. Pf. div.	61,007	42,995
Attributable	63,246	43,266

The results show that Mr. W. J. de Villiers, the group chair- man, was overly cautious in his annual statement last May when he predicted simply a "satisfactory" year.

It is clear that the group's industrial activities performed better than he expected—this was certainly the case with the Union Corporation units—and that this, allied to rising precious and energy minerals prices, pushed up profit levels.

The level of dividends from the group's gold mines—like Buffelsfontein—has been higher and there was a similar although less clearly marked trend from coal and asbestos mines. In 1977 gold and uranium accounted for 40 per cent of General Mining's income.

The group will have been helped in its efforts to maximise returns from the gold mines by the decline in percentage cost increases during 1978, the first such decline for four years. In Johannesburg group executives feel that the worst on costs is over.

But, with the markets for General Mining products generally running in favour of the group, there has also been this last year a substantial tax advantage for the group. Mr. de Villiers had expected "a some- what lower level of taxation," presumably because of capital allowances related to the group's expansion plans.

In fact 1978 pre-tax profits went up by 34 per cent to R152.55m, while taxation pay- ments rose by just 2.5 per cent to R28.29m. The group's capital commitments at the end of 1978 were R29m for contracts con- cluded, against R20m a year before, and R195m for contracts authorised against R43m at the end of 1977.

At this stage of the current year, there seems no reason why the earnings growth should not continue. The gold market retains an underlying firmness and coal and uranium, the group's major expansion targets, look increasingly attractive in the aftermath of the revolution in Iran.

Anglovaal earnings on an upward path

IN LINE with the general trend of higher earnings shown by the South African mining finance houses, Anglo-Transvaal Con- solidated Investment (Anglovaal) yesterday reported an increase to R21.48m (£12.49m) in net income for the six months to December from R13.35m in the same period of 1977.

Anglovaal is raising its interim dividend to 30 cents (17.4p). In 1977-78 the interim was 25 cents and total payments for the year were 115 cents.

The profits increase was foreshadowed by Mr. Basil Hersov, the chairman, in his annual statement last October. This indicated that most of the companies in the group were enjoying more favourable trading conditions.

This has continued for all the group's industrial interests, except for engineering, but the prospects for the rest of the year have been clouded by the rise in oil prices consequent upon the curtailment of Iranian supplies.

If industrial profits are to be maintained at their existing rate then the cost escalations will have to be re-couped, the group made clear.

But Anglovaal is more confident about its gold mining investments, based on the Hartebeestfontein, Loraine and Zandpan mines. As a result of the increased prices on the bullion market, income will be higher.

The group earns about 30 per cent of its income from gold and uranium and a further 18 per cent from other minerals. It was clearly the prospects for these sections of the group's activities which attracted the markets. Responding to the higher profits and interim dividend, the shares climbed to a new 1978-79 high of £11¾, for a day's gain of ¼.

OIL AND GAS NEWS

Call for higher gas prices

FEDERAL Government tory committee has recom- led a sharp rise in the price tural gas to ensure develop- of future supplies, reports s Forth from Sydney.

the same time the body, National Energy Advisory mittee, released a report h suggests that Australia's ore reserves of oil could be led through exploration and ing.

e committee warned that unless natural gas was priced correctly, its markets would be- come distorted and producers might not see any incentive in finding new supplies. It said that prices paid to producers at present were well below the equivalent import fuel oil parity because contracts were negotiated before the OPEC price rise in 1973.

While arguing for higher gas prices, the committee said pricing policy should be reasonable to encourage the use of natural gas in preference to oil products.

The committee suggested the correct benchmark could be equivalent to the price paid for natural gas exported from Australia.

On the question of future oil discoveries the committee said that five onshore basins had ex- cellent prospects for future de- velopment, and another four had a "good chance" of containing petroleum.

RESULTS AND ACCOUNTS IN BRIEF

E. CROWTHER (HOLDINGS) (len manufacturer and spinner)— end 6 per cent for year to March 979, pay March 20.

EXANDERS HOLDINGS (Ford main r)—Results for year to September 978, reported February 13 with ects. Group fixed assets £3.74m 2m), net current assets £1.22m 4m). The auditors qualify their on over absence of depreciation roperty which is shown in the nts at £2.75m. Meeting, Edin- , March 30, at noon.

ER PLATE AND GENERAL INVEST- TRUST COMPANY—Results for already known. Listed U.K. tments £9.11m (£8.27m), outside 0.92m (£0.82m), unlisted £0.72m 2m). Current assets £0.6m 4m), current liabilities and pro- £0.89m (£0.81m). Liquidity decreased by £39,378 (£236,904). Meet- ing, 44 Bloomsbury Square, WC, March 29, 11.15 am.

KWAHU COMPANY—Net profit, half year to December 31, 1978, £12,186 (£24,715) after tax £9,228 (£13,276).

REA BROTHERS (merchant banker)— Results for 1978 already known. Current assets £77.06m (£74.86m); current lia- bilities £75.52m (£73.26m). Scottish and Mercantile Investment Company holds 8.31 per cent of equity, Scottish Cities Investment Trust 6.87 per cent. Meeting, Winchester House, EC, April 11 at noon.

DRAYTON COMMERCIAL INVEST- MENT COMPANY—Results for 1978 already known. Fixed assets £46.98m (£45.54m). Net current assets £8.97m (£3.38m). Increase in net liquid funds £4.07m (£0.8m). Meeting, 117 Old Broad Street, EC, on March 29, at 2.30 pm.

M AND G GOLD EXEMPT FUND— On March 7, 1979, the offered price of income units was U.S.$11.50 xd. The final distribution on income units for the accounting period which ended on March 6, 1979, will be U.S.$0.711 net per unit ($0.148), payable on May 31, 1979. The total distribution for the period amounts to $1.251 net per unit, compared with $0.288 last year.

HOUSE PROPERTY COMPANY OF LONDON—Dividend, per 50p share, 2.1p (1.75p) for 1978 subject to Treasury approval. Pre-tax profit £12,201 (£9,854). Tax £6,278 (£9,412). Surplus on sales of property £79,?07 (£30,853). Earnings per share 0.59p (0.04p).

RIVOLI CINEMAS—Net income for six months to October 5, 1978, £28,559 (£22,606) after tax £17,773 (£14,176). Earnings per 50p share 14.3p (11.3p).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—London and Strathclyde Trust, James Walker Goldsmith and Silversmith.

Finals:—BL, BTR, Britannic Assurance, General Mining and Finance Corporation, Invergordon Distillers, A. A. Jones and Shipman, Montfort (Knitting Mills), Provincial Laundries, Thomas Robinson

FUTURE DATES

Interims:

Chambers and Fargus	Mar. 19
Goodman Brothers & Stockman	Mar. 16
Lawtex	Mar. 20
Paterson Zochonis	Mar. 26
Pressac	Mar. 20
Tyzack (W.) and Turner	Mar. 16

Finals:—

Appleyard	Mar. 27
Bronx Engineering	Mar. 28
Camellia Investments	Mar. 16
Fisher (James)	Mar. 19
Jardine Japan Investment Trust	Mar. 19
Lyle Shipping	Mar. 30
Mackay (Hugh)	Mar. 21
Manders	Mar. 28
Robinson Bros. (Ryders Green)	Mar. 23
Smith (W. H.)	April 11
Ward White	Mar. 30

Bath and Portland £3.5m Iran provision 'adequate'

THE £3.5m gross provision for the Iran road contract should be adequate if the client failed to pay, says Sir Kenneth Selby, chairman of Bath and Portland Group, in his annual statement. The net provision from reserves is £1.68m after tax relief.

At October 31, 1978, about 70 per cent of the contract had been completed, but the troubles in Iran brought work to a halt.

Sir Kenneth says they have insurance cover for 90 per cent of the sums due under the contract and similar cover for plant and engineering stores.

He adds that if the client failed to pay after allowing for the policies covering plant, engineering stores and the book value of unpaid certified works the estimated deficiency would be £2.7m.

Subject to adequate proof of the claim the reserve of £3.5m should be adequate in the worst situation that can be envisaged, a situation which they hope will be unnecesarily pessimistic.

In notes to the acounts it is stated that substantially all of the assets with a book value of *£35.1m are insured for 90 per* cent or greater of the agreed value, and negotiations have started with the insurers to determine their liability.

The auditors Peat, Marwick, Mitchell and Co, say that they concur with the directors' view that under present circumstances it is not possible to be certain whether the gross provision will be excessive or insufficient.

On prospects Sir Kenneth says he can see some further advance in the UK. But the group will have to face for some time unproductive overhead charges in the form of staff costs and these could affect first-half results.

He adds that if in the second half they can continue UK growth and replace the Iran contract with either new work or a restart he can see a much brighter year.

Pre-tax profits for the year to October 31, 1978 were, as already reported, up from £4.85m to £5.18m on turnover ahead from £78.56m to £89.01m.

Net current assets are down from £12.5m to £10.85m, and there is an increase in working capital of £1.74m (£3.51m)—the figure excludes the £3.5m Iran provision.

Meeting, Bath, April 4 at noon.

Lambert Howarth well ahead

FOLLOWING the first half increase from £102,374 to £141,249, the Lambert Howarth Group lifted pre-tax profits to £644,902 in 1978, compared with £473,839 previously. Turnover improved from £13.83m to £14.11m.

Profit for the year is after all charges including depreciation of £211,758 (£205,161). Tax takes £326,501 against £239,963 giving earnings per share of 10.6p (7.8p).

The final dividend is 2.5p stepping up the total from 3.17p to 3.5p. The group is a major supplier of footwear to Marks and Spencer is well as to wholesale and multiple chains and mail order groups.

Birmingham & District Trust shows rise

Profits of the Birmingham and District Investment Trust improved from £1.6m to £1.93m in 1978 after tax of £817,389 against £665,160.

Earnings per 10p share are shown at 5.43p against 4.46p and net asset value per share is 114p (105.13p).

The final dividend is 4p stepping up the total from 4p to 5p. The interim payment again absorbed £335,868 and the final, £1.34m (£1.01m).

The trust is a subsidiary of the BET Group.

Bankers Trust to £1.17m

For 1978, profits of Bankers Trust International were lowered at £1.17m against £1.24m, before tax of £450,162 compared with £385,717.

There is no dividend this time —last year it absorbed £160.000. Retained profit rose from £690,817 to £724,428.

Bankers Trust New York Corporation is the ultimate holding company.

GERMANS INVEST

More than C$35m (£14.5m) is to be spent by Refratechnik, a privately owned West German company, to buy and develop a magnesite property in the south east of British Columbia. The property is owned by Baymag Mines, a Calgary company controlled by Mineral Resources International of Toronto.

ISSUE NEWS

Applied Computer sees £0.36m

Applied Computer Techniques (Holdings), a Birmingham-based private company selling a range of computer-based products, forecasts a pre-tax profit of not less than £360,000 for the year to March 31, 1979.

This compares with £109,000 in the 1976-77 year and £247,000 in 1977-78.

The company is broadening its shareholder base by placing 10 per cent of existing stock.

The placing, which has raised approximately £250,000 for ACT's owners, has largely ween to the company's employees plus private clients of Singer and Friedlander, the merchant wank handling the operation, brokers Grievson Grant and Dunbar, a small banking operation that shares a common director with ACT.

The shares will not be listed on the stock exchange but it is expected that dealings will be permitted under Rule 163(2) unlisted securities market.

The issue price is 95p and there is as yet no indication of where the price might open when dealings commence later this week. Sir Timothy Harford, a managing director at Singer and Friedlander, agreed yesterday that there was uncertain demand for the shares and that the issuing group had reasonably tight control on the supply of stock.

Expenses estimated at £33,000 relating to the placing will be paid by ACT and the vendors of the shares being placed will pay a placing commission totalling £2,627.

Yearlings rate dips again

The local authority yearling bond rate has fallen again this week by half a point, this time to 11 per cent. A month ago coupons were up to 13⅛ per cent. This week's issues are priced at par and mature on March 19, 1980.

The issues are: Luton Borough Council (£½m), Wansbeck District Council (£½m), Barnsley Metropolitan Borough Council (£½m), Borough of Bournemouth (£1m), City of Cardiff (£¾m), Woodspring District Council (£½m), City of York (£½m), Kennet District Council (£½m), Medina Borough Council (£½m), Worthing Borough Council (£½m), Sedgemoor District Council (£½m), City of Leeds (£2m), Hertfordshire County Council (£1m), London Borough of Wandsworth (£½m), Oldham Metropolitan District Council (£1m), West Derbyshire District Council (£½m), City of Leicester (£1m).

Harlow District Council has raised £½m by the issue of 11⅝ per cent bonds dated March 11, 1981, priced at par.

Five-year bonds carrying a coupon of 12¼ per cent dated March 14, 1984, at par have been issued by Braintree District Council (£½m), Yeovil District Council (£½m).

Eastbourne Borough Council has raised £½m by the issue at par of variable rate bonds maturing March 14, 1984.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS.

1—Banks

	Feb. 21, 1979 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	25,893	−222
Scottish clearing banks	2,819	—
Northern Ireland banks	909	+ 27
Accepting houses	1,915	− 37
Other	6,721	−124
Overseas banks		
American banks	3,959	− 96
Japanese banks	292	− 6
Other overseas banks	2,821	+ 20
Consortium banks	235	+ 10
Total eligible liabilities*	45,563	−429
Reserve assets		
UK banks		
London clearing banks	3,372	− 6
Scottish clearing banks	374	+ 4
Northern Ireland banks	136	+ 1
Accepting houses	280	+ 6
Other	944	+ 29
Overseas banks		
American banks	547	− 4
Japanese banks	46	+ 3
Other overseas banks	423	− 4
Consortium banks	46	+ 2
Total reserve assets	6,167	+ 29
Constitution of total reserve assets		
Balances with Bank of England	388	− 7
Money at call:		
Discount market	3,244	+236
Other	252	+ 48
Tax reserve certificates	—	—
UK, Northern Ireland Treasury Bills	757	− 89
Other bills:		
Local authority	166	+ 5
Commercial	821	− 15
British Government stocks with one year or less to final maturity	539	−144
Other	—	—
Total reserve assets	6,167	+ 29
Ratios %		
UK banks		
London clearing banks	13.0	+ 0.1
Scottish clearing banks	13.3	+ 0.2
Northern Ireland banks	14.9	− 0.4
Accepting houses	14.6	+ 0.5
Other	14.0	+ 0.6
Overseas banks		
American banks	13.8	+ 0.2
Japanese banks	15.7	+ 1.1
Other overseas banks	15.0	− 0.2
Consortium banks	19.6	− 0.1
Combined ratio	13.5	+ 0.2
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	372	− 20
2—Finance houses		
Eligible liabilities	395	+ 28
Reserve assets	41.0	+ 2.4
Ratio (%)	10.4	+ 0.1

Special deposits at February 21 were £249m (down £551m) for banks and £4m (down £7m) for finance houses. * Interest-bearing eligible liabilities were £29,784m (down £302m).

London Clearing Banks' balances

as at February 21, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	5,911		+170	
UK private sector	28,642		−117	
UK public sector	655		+ 97	
Overseas residents	2,548		+ 37	
Certificates of deposit	1,715		− 51	
		39,470		+135
of which: Sight		16,476		+ 31
Time (inc. CD's)		22,994		+105
Foreign currency deposits:				
UK banking sector	4,860		+318	
Other UK residents	1,030		+ 27	
Overseas residents	12,336		+378	
Certificates of deposit	1,216		+ 28	
		19,442		+751
Total deposits		58,911		+886
Other liabilities*		9,715		+203
TOTAL LIABILITIES		68,627		+1,089
ASSETS				
Sterling				
Cash and balances with Bank of England		1,133		− 61
Market loans:				
Discount market	2,317		+369	
UK banks	7,285		+132	
Certificates of deposit	664		− 57	
Local authorities	1,025		+ 11	
Other	321		+ 22	
		11,611		+467
Bills:				
Treasury bills	398		− 23	
Other bills	818		− 69	
		1,216		− 92
Special deposits with Bank of England		116		−566
Investments:				
British Government stocks	2,055		− 91	
Other	1,559		+ 11	
		3,614		− 80
Advances:				
UK private sector	20,995		+334	
UK public sector	219		− 47	
Overseas residents	3,184		− 1	
		24,398		+285
Other sterling assets*		6,012		+480
Foreign currencies				
Market loans:				
UK banks and discount market	4,189		+325	
Certificates of deposit	204		+ 11	
Other	8,503		+201	
		12,894		+538
Bills		42		—
Advances:				
UK private sector	2,153		+ 12	
UK public sector	963		− 3	
Overseas residents	3,485		+ 46	
		6,602		+ 55
Other foreign currency assets*		988		+ 63
TOTAL ASSETS		68,627		+1,089
Acceptances		402		+ 55

*Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	58,911	+886	15,930	+334	10,971	− 70	12,026	+161	18,167	+433	1,817	+ 28
ASSETS												
Cash and balances with Bank of England	1,133	− 61	335	− 17	163	− 30	259	− 15	338	− 16	38	+ 6
Market loans:												
UK banks and discount market	13,790	+817	3,186	+404	3,008	− 83	2,167	+ 85	5,101	+400	328	+ 10
Other	10,716	+188	3,262	+ 30	2,742	+ 45	1,513	+ 77	2,913	+ 39	286	− 3
Bills	1,258	− 92	275	− 22	109	− 1	381	− 61	470	+ 5	23	− 13
Special deposits with Bank of England	116	−566	44	−173	3	− 78	28	−130	36	−167	5	− 18
British Government stocks	2,055	− 91	497	—	381	− 63	422	− 36	627	+ 7	127	− 1
Advances	31,000	+340	8,780	+ 48	4,765	+ 52	7,263	+ 95	9,113	+ 99	1,080	+ 46

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
Eligible liabilities	25,753	−225	7,925	− 93	4,026	+ 31	6,077	−142	6,800	− 53	925	+ 32
Reserve assets	3,348	− 11	1,014	− 23	525	+ 25	796	− 12	893	− 7	120	+ 6
Reserve ratio (%)	13.0	+ 0.1	12.8	− 0.1	13.0	+ 0.5	13.1	+ 0.1	13.1	—	13.0	+ 0.2

CURRENCIES, MONEY and GOLD

Sterling and dollar firm

The start of the European Monetary System caused few problems for central banks or the foreign exchange market yesterday. The only Common Market currency outside the system, sterling, continued to attract the greatest interest. Helped by high London interest rates and the benefits of North Sea oil, the pound's trade-weighted index, on Bank of England figures, rose to 65.3 from 65.0, the highest level since late February last year. It stood at 65.3 at noon, and 65.1 in early trading.

In terms of the dollar, sterling opened at $2.0400-2.0410, and touched a best level of $2.0470-2.0480 in the morning. The Bank of England probably intervened to prevent a further rise, and the rate eased to around $2.0460 before lunch.

Selling in New York pushed the pound down in late trading, and it closed at $2.0390-2.0400, a fall of 15 points on the day.

The dollar tended to improve in late trading, with its trade-weighted index, as calculated by the Bank of England, rising to 84.9 from 84.6, while on Morgan Guaranty figures its trade-weighted depreciation narrowed to 8.3 per cent from 8.4 per cent.

The U.S. currency rose to DM 1.8625 from DM 1.8535 against the D-mark, and to SwFr 1.6830 from SwFr 1.6730 in terms of the Swiss franc. It rose sharply to Y206.60 from Y205.70 against the Japanese yen on rumours that a major international oil company was to cut crude supplies to Japan.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8591 against the D-mark, compared with DM 1.8537 on Monday. The German currency was rather weaker as a result of the start of the European Monetary System, since the D-mark is now tied to the more inflation-ridden currencies of France and Italy. The Irish punt was fixed for the first time, at DM 3.8020, compared with a year's high fixing for sterling of DM 3.8030. The British pound continued to rise as a reflection of high UK interest rates and the benefits of North Sea oil. The Japanese yen declined however, following rumours that a major international oil company was to cut crude supplies to Japan.

At the fixing the Dutch guilder improved to DM 92.63½ per 100 D-marks from 92.52 at the close Monday, while the French franc rose to DM 43.43½ per 100, up from DM 43.30.

MILAN—The lira weakened against the dollar and sterling, but improved slightly against the D-mark at the fixing. The start of the European Monetary System caused little trouble for the Italian currency, helped by stiff control of the market by the Bank of Italy. The D-mark fell to L454.71 from L455.10 previously, but the French franc and Dutch guilder were marginally stronger. The dollar rose to L845.25 from Monday's fixing of L843.65, while sterling touched a record L1,729.30, a rise of nearly 7 points from the previous day. The Irish punt, listed for the first time, was quoted at the same level as sterling.

ZURICH — The dollar was mixed against major currencies in calm early trading, while sterling continued to advance. During the morning the pound rose to $2.0480 from $2.0405 at the start, helped by the prospects of increasing North Sea oil output, and the Government's tough monetary stance. The start of the European Monetary System had little impact, as the system was already operating unofficially for some time.

AMSTERDAM — The dollar was fixed at Fl 2.0080, compared with Fl 2.0035 on Monday.

TORONTO — The Canadian dollar continued to advance in early trading, rising to 85.36 U.S. cents from 84.85 early Monday.

TOKYO — The dollar rose sharply to Y206.35 in early trading, the highest level since June last year, but eased to Y205.97½ at the close, compared with Y205.60 on Monday. The Bank of Japan continued to support the yen, selling $60m to $70m, but buying of the dollar tended to overpower the intervention, before the U.S. currency began to fall away in the afternoon as a result of the overbought position of some operators.

THE POUND SPOT AND FORWARD

March 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0390-2.0480	2.0390-2.0400	0.37-0.27c pm	1.88	0.55-0.45 pm	0.98
Canada	2.3895-2.3990	2.3900-2.3910	0.30-0.20c pm	1.25	0.60-0.50 pm	0.92
Nethlnd.	4.08½-4.12½	4.09¼-4.10¼	2¼-1¼c pm	5.49	5¼-4¼ pm	4.63
Belgium	59.95-60.40	60.05-60.15	30-20c pm	4.99	70-60 pm	4.33
Denmark	10.59-10.66	10.59½-10.60½	2½-½ore pm	1.69	¾pm-1¼dis	−0.19
W. Ger.	3.78½-3.82	3.79½-3.80½	3½-2½pf pm	8.30	7¼-6¾ pm	7.24
Portugal	97.25-98.05	97.45-97.95	30-100c dis	−7.98	80-220 dis	−5.73
Spain	140.85-141.35	140.90-141.00	20c pm-30c dis	−4.26	par-120 dis	−1.69
Italy	1,723-1,732	1,723-1,724	2½-½lire pm	1.04	2½-½ pm	0.35
Norway	10.38½-10.44	10.39-10.40	4¼-2¼lire pm	3.74	7½-5½ pm	2.50
France	8.72½-8.77	8.72¾-8.73¾	3¾-2¾c pm	4.47	8¼-7¼ pm	3.55
Sweden	8.91-8.95½	8.91½-8.92½	3¼-1¼ore pm	3.03	7¼-5¼ pm	2.80
Japan	420-433	425-428	3.20-2.75y pm	8.36	7.60-7.20 pm	6.94
Austria	27.77-27.92	27.80-27.85	25-15gro pm	8.62	55-45 pm	7.18
Switz.	3.41½-3.45	3.43-3.44	4¼-3¼c pm	13.10	10¼-9¼ pm	11.35

Belgium rate is for convertible francs. Financial franc 60.80-6.90. Six-month forward dollar 0.85-0.75c pm; 12-month 1.62-1.52c pm.

THE DOLLAR SPOT AND FORWARD

March 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0390-2.0480	2.0390-2.0400	0.37-0.27c pm	1.88	0.55-0.45 pm	0.98
Ireland	2.0390-2.0480	2.0390-2.0400	0.37-0.27c pm	1.88	0.55-0.45 pm	0.98
Canada†	85.30-85.41	85.30-85.33	0.4-0.2c dis	−0.42	0.3 dis-par	−0.07
Nethlnd.	2.0052-2.0100	2.0080-2.0100	0.68-0.58c pm	3.76	1.88-1.78 pm	2.48
Belgium	29.39-29.47	29.45-29.47	9.5-8.5c pm	3.66	25.5-24 pm	3.36
Denmark	5.1925-5.1980	5.1955-5.1980	0.25ore pm-0.25 dis	—	1.00-1.50dis	−0.96
W. Ger.	1.8581-1.8630	1.8620-1.8630	1.10-1.00pf pm	6.76	3.05-2.95 pm	6.44
Portugal	47.73-48.00	47.90-48.00	30-40c dis	−8.76	70-135 dis	−8.55
Spain	69.04-69.15	69.10-69.15	8-18c dis	−2.26	28-38 dis	−1.91
Italy	845.30-846.85	845.30-845.70	0.50-0.90lire dis	−0.99	1.20-1.80dis	−0.71
Norway	5.0830-5.0970	5.0930-5.0940	1.20-0.70ore pm	2.24	2.25-1.75 pm	1.57
France	4.2800-4.2825	4.2800-4.2825	0.95-0.85c pm	2.52	2.80-2.65 pm	2.54
Sweden	4.3650-4.3725	4.3710-4.3725	0.80-0.60ore pm	1.92	2.35-2.15 pm	2.06
Japan	208.00-208.70	208.50-208.70	1.17-1.07y pm	6.44	3.23-3.13 pm	6.10
Austria	13.61¼-13.64¾	13.64¼-13.64¾	7.50-6.75gro pm	6.27	20.50-18.50pm	5.72
Switz.	1.6778-1.6835	1.6825-1.6835	1.60-1.50c pm	11.05	4.45-4.35 pm	10.46

† U.S. cents per Canadian $.

CURRENCY RATES

March 12	Bank rate %	Special Drawing Rights	European Unit of Account
Sterling	13	0.631119	0.663226
U.S. $	9½	1.28843	1.35444
Canadian $	11¼	1.51841	1.59675
Austria Sch.	3¾	17.5130	18.4068
Belgian F	6	37.8831	39.8069
Danish K	8	6.72238	7.06746
D mark	3	2.38886	2.54072
Guilder	6½	2.58137	2.71294
French Fr	9½	5.51706	5.79767
Lira	10½	1087.05	1142.67
Yen	3½	264.386	277.998
Nrwgn. K	7	6.55553	6.89070
Spanish Pes.	6	88.9519	93.4833
Swedish Kr	6½	5.62374	5.91375
Swiss Fr.	1	2.15593	2.26557

CURRENCY MOVEMENTS

Mar. 13	Bank of England Index	Morgan Guaranty changes %
Sterling	65.3	−39.2
U.S. dollar	84.9	−8.3
Canadian dollar	80.4	−17.1
Austrian schilling	146.9	+19.6
Belgian franc	114.4	+14.8
Danish krone	117.9	+6.6
Deutsche Mark	150.5	+41.9
Swiss franc	195.0	+83.0
Guilder	125.1	+20.9
French franc	99.7	−6.0
Lira	54.1	−49.5
Yen	138.4	+37.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Mar. 13	£	$		£ Note Rates
Argentina Peso	2288-2308	1122-1132	Austria	27¼-28¼
Australia Dollar	1.8225-1.8265	0.8936-0.8956	Belgium	60½-61½
Brazil Cruzeiro	45.81-46.81	22.46-22.95	Denmark	10.58-10.68
Finland Markka	8.10-8.11	3.9716-3.9765	France	8.70-8.80
Greek Drachma	75.835-75.631	36.20-37.08	Germany	3.75-3.85
Hong Kong Dollar	9.8650-9.8800	4.8370-4.8443	Italy	1,700-1,750
Iran Rial	149.04-157.20	73-77	Japan	424-434
Kuwait Dinar (KD)	0.558-0.568	0.2736-0.2785	Netherlands	4.05-4.15
Luxembourg Frc.	60.05-60.15	29.46-29.48	Norway	10.37-10.47
Malaysia Dollar	4.4940-4.5040	2.2035-2.2084	Portugal	93-99
New Zealand Dlr.	1.9350-1.9410	0.9488-0.9517	Spain	140.50-145.50
Saudi Arab. Riyal	6.82-6.92	3.3440-3.3930	Switzerland	3.37-3.47
Singapore Dollar	4.4425-4.4525	2.1782-2.1831	United States	2.0375-2.0475
Sth. African Rand	1.7171-1.7278	0.8419-0.8472	Yugoslavia	40½-42½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Mar. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.040	3.800	426.5	8.733	3.435	4.098	1724.	2.391	60.10
U.S. Dollar	0.490	1.	1.863	209.1	4.282	1.684	2.009	845.1	1.172	29.47
Deutschemark	0.263	0.537	1.	112.2	2.298	0.904	1.078	453.5	0.629	15.82
Japanese Yen 1,000	2.345	4.782	8.910	1000.	20.47	8.054	9.607	4041.	5.605	140.9
French Franc 10	1.145	2.335	4.352	488.4	10.	3.934	4.692	1974.	2.737	68.82
Swiss Franc	0.291	0.594	1.106	124.2	2.542	1.	1.193	501.7	0.696	17.50
Dutch Guilder	0.244	0.498	0.927	104.1	2.131	0.838	1.	420.6	0.583	14.67
Italian Lira 1,000	0.580	1.183	2.205	247.5	5.067	1.993	2.377	1000.	1.387	34.87
Canadian Dollar	0.418	0.853	1.590	178.4	3.653	1.437	1.714	721.0	1	25.14
Belgian Franc 100	1.664	3.394	6.323	709.7	14.53	5.715	6.818	2868.	3.978	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.40-10.50 per cent; six months 10.70-10.80 per cent; one year 10.70-10.80 per cent.

Mar. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12⅝-12⅞	10⅛-10⅜	9-10	7⅜-7⅝	[illegible]	4-4⅛	9-9½	7-10	—	3½-11
7 day's notice	13-13¼	10¼-10½	9-10	6-6¼	[illegible]	3 15/16-4 1/16	9-9½	10½-11½	10 [illegible]-10 [illegible]	4⅛-5⅛
Month	12⅜-12⅝	10⅜-10⅝	10⅝-11	6⅝-6⅞	[illegible]	4 1/16-4¼	8¼-8½	11-12	10 [illegible]-10 [illegible]	4 [illegible]-5 [illegible]
Three months	12⅛-12⅜	10¾-11	10¾-11⅛	6⅞-7⅛	1¼-⅜	4 [illegible]-4 [illegible]	8⅜-8⅝	11½-12½	10¾-10⅞	4⅝-5 [illegible]
Six months	12⅛-12⅜	10 13/16-11 1/16	10¾-11⅛	7-7¼	[illegible]	4 [illegible]-4 [illegible]	8¾-9	12¼-13¼	10 [illegible]-11 [illegible]	4 [illegible]-4 [illegible]
One year	12-12¼	10¾-11	10¾-11⅛	7⅜-7⅝	1¼-1⅜	4½-4⅞	9¼-9½	12½-13½	11 [illegible]-11 [illegible]	4 [illegible]-4 [illegible]

Long-term Eurodollar deposits: two years 10½-10⅝ per cent; three years 10¼-10⅝ per cent; four years 10 [illegible]-10 [illegible] per cent; five years 10 [illegible]-10 [illegible] per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris rates firm

Interest rates continued to rise in Paris yesterday with day-to-day money touching 7½ per cent compared with [illegible] per cent on Monday. However it seemed unlikely that the authorities pushed up money rates to coincide with the start of the EMS, in order to maintain a steady franc. This was given some substance because the high level of liquidity prevailing at the moment does not tie in with the continued firmer trend in short-term money. Longer term rates were also higher with one-month money at 7-7⅛ per cent against 6⅞-6 15/16 per cent and three-month money at 7⅛-7¼ per cent compared with 7-7⅛ per cent. The six-month rate rose to 7¼-7½ per cent from 7⅛-7⅜ per cent, while 12-month money was quoted at 7¾-8 per cent against 7⅝-8 per cent.

FRANKFURT — Interbank money rates showed very little change yesterday with call and one-month money at 4.2-4.4 per cent compared with 4.3-4.4 per cent on Monday, and three-month money unchanged at 4.3-4.4 per cent. The six-month rate was firmer at 4.5-4.7 per cent against 4.4-4.5 per cent, while 12-month money eased slightly to 4.90-5.00 per cent from 4.95-5.05 per cent previously.

ROME—The Italian Treasury is to auction L4 trillion (million million) in six and 12-month Treasury bills later this month to replace a similar number of maturities. The exact amounts comprise L1.5 trillion in six-month bills and L2.5 trillion in 12-month bills.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were unchanged throughout yesterday from 7⅜-7⅝ per cent for one-month, to 8⅜-8⅝ per cent for 12-month.

HONG KONG—Conditions in the money market were easy yesterday, with call money at 10½ per cent and overnight business dealt at 9½ per cent.

UK MONEY MARKET

Moderate assistance

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills and corporation bills, all direct from the discount houses, and lending a moderate sum overnight to three or four houses at MLR. The absence of any seven day lending gave rise to speculation in some quarters that MLR may be cut by as much as 2 per cent on Thursday, and interest rates eased accordingly. Buying rates for three-month Treasury bills fell to 10⅝ per cent from 11 per cent on Monday, thus indicating an MLR of 11½ per cent under the old market related formula.

The market was faced with payment for the second round of call on Treasury 13¾ per cent as well as a small increase in the note circulation and a fairly small net take up of Treasury bills. On the other hand banks brought forward balances a little way above target and Government disbursements exceeded revenue transfers to the Exchequer by a moderate amount. There was also a further small inflow of funds off the foreign exchange market.

Discount houses were paying between 12¾ per cent and 13 per cent for secured call loans at the start and this represented the day's spread, with closing balances taken at 12⅞ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 13 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-13½	—	—	—	—	12¾-13	—	—	—
2 days notice	—	—	12⅞-13⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	12¾-13	13-13⅛	—	12⅞	13½	12½-12¾	—	—	—
One month	12⅜-12⅛	12⅛-12¼	12½-12¾	12¼-12⅝	12¾	13½	12	11½-11¼	12¼-12⅜	12⅞
Two months	12-11⅞	11⅞-12⅛	—	11⅞-12¼	12⅝	—	11⅜-11⅝	10⅞-11 1/16	11 1/16-11 3/16	12½
Three months	11½-11⅜	11⅝-11⅝	11⅝-11¾	11⅛-11½	12	13	11-11 1/16	10 9/16-10 21/32	11 1/16-11¼	11¾
Six months	11 1/16-10 15/16	11 1/16-11 3/16	11¼-11½	10⅝-10⅝	11½	—	—	—	10⅝	12
Nine months	11-10⅞	11-11⅛	—	11⅛	11⅝	—	—	—	—	—
One year	10⅞-10 13/16	10 13/16-11 1/16	11-11¼	10¾-11⅛	11⅜	—	—	—	—	—
Two years	—	—	11¼-11⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 11½-11¾ per cent; four years 11¾-12 per cent; five years 12-12¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅞-11 per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury bills 11 [illegible] per cent; two-month 10¾-11 [illegible] per cent; three months 10 [illegible] per cent. Approximate selling rate for one-month bank bills 12-12⅛ per cent; two-month 11¾-11⅞ per cent; three-month 11 [illegible]-11⅞ per cent; one-month trade bills 12¾ per cent; two-month 12⅝ per cent; and three-month [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 11.3292 per cent.

GOLD

Slight rise

Gold rose $1¼ to close at $239¾-240½. It opened at $240¼-$241½, and was fixed at $239.40 in the morning, and $239.10 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 33,495 per kilo ($243.69 per ounce) in the morning, compared with FFr 33,150 ($241.46) previously.

In Frankfurt the 12½ kilo bar was fixed at DM 14,345 per kilo ($240.02 per ounce), compared with DM 14,390 ($241.50) previously.

	Mar. 13	Mar. 12
Gold Bullion (fine ounce)		
Close	$239¾-240½ (£117.4-117.8)	$238½-239¼ (£116.9-117.3)
Opening	$240¼-241½ (£117.9-118.5)	$240-240¾ (£117.6-118.0)
Morning fixing	$239.40 (£116.952)	$241.10 (£118.053)
Afternoon fixing	$239.10 (£116.886)	$240.00 (£117.561)
Gold Coins, domestically		
Krugerrand	$256-260 (£125½-127½)	$255-257 (£125-126)
New Sovereigns	$68½-70½ (£33½-34½)	$67¾-69¾ (£33¼-34¼)
Old Sovereigns	$79-81 (£38¾-39¾)	$76½-78½ (£37½-38½)
Gold Coins, internationally		
Krugerrand	$246½-248½ (£120⅝-121⅝)	$246¾-248¾ (£121-122)
New Sovereigns	$63-65 (£30¾-31¾)	$63¼-65¼ (£31-32)
Old Sovereigns	$79-81 (£38¾-39¾)	$78¾-80¾ (£38¾-39½)
$20 Eagles	$313½-318½	$314-316
$10 Eagles	$172½-177½	$172-177
$5 Eagles	$120-125	$119½-124½

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.125
Treasury Bills (13-week)	9.50
Treasury Bills (26-week)	9.50

GERMANY

Discount Rate	3
Overnight Rate	4.30
One month	4.30
Three months	4.6
Six months	4.8

FRANCE

Discount Rate	9.5
Overnight Rate	7.25
One month	7.0625
Three months	7.1875
Six months	7.4375

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.5825

LEGAL NOTICE

No. 00722 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FOXWOOD ESTATES LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 2nd day of March 1979 presented to the said Court by DEPARTMENT OF HEALTH AND SOCIAL SECURITY, of State House, High Holborn, London, WC1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2, on the 2nd day of April 1979 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HENRY KNORPEL,
State House,
High Holborn,
London, W.C.1.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 30th day of March 1979

NORTH AMERICAN NEWS

Gulf foiled in sale switch by International Paper

BY STEWART FLEMING IN NEW YORK

ONLY TWO weeks after anouncing the sale of its oil and gas interests to Gulf Oil for $650m, International Paper, the largest U.S. paper company, announced yesterday that Teneco and Southland Royalty would be buying the properties instead.

The company said that it had entered into an agreement in principle for the properties to be acquired jointly by Tenneco and Southland on an equal basis at a price of $705m.

In addition, the two purchasers have agreed to undertake a substantial exploration and development programme on International Paper's properties. The news will be a bitter blow for Gulf, which saw the sale as a way of increasing its domestic production level.

Tenneco, a widely diversified oil, gas and chemicals company, has also been looking to expand its U.S. operations. At the beginning of February, the company disclosed that it was joining with Mesa Petroleum in the purchase for $340m of oil and gas interests owned by Ashland Oil. Last year, Tenneco spent $550m on oil and gas exploration and is expecting to exceed that figure in the current year.

While both Tenneco and Gulf are leading U.S. corporations, Southland Royalty is a much smaller oil and gas concern for whom the purchase of a share of the International Paper properties is a major investment. In 1978 the company sales revenues were just under $200m.

Reuter adds from Pittsburgh: Gulf Oil Corporation said it is aware of International Paper's intention to sell the oil and gas operations of General Crude Oil to Tenneco Oil and Southland Realty and has "nothing to add at this time."

Penney hit by interest costs

BY OUR NEW YORK CORRESPONDENT

RISING INTEREST costs, reflecting strong sales gains and inventory control problems, have hit the earnings of J. C. Penney, the second largest U.S. retail stores group.

The company disclosed yesterday that fourth quarter earnings were $135m, down 13 per cent from the same period of the previous financial year. For the whole of the 1978 financial year ending January 27, 1979, net income is down 4.8 per cent at $276m compared with $290m in the previous period.

The company has been enjoying surging sales gains, up 15.8 per cent for the year at $10.8bn, and 12 per cent higher in the fourth quarter. But costs have been rising with interest costs up 60 per cent from $130m to $208m.

Analysts attribute this partly to the overall rise in interest rates and to overblown inventories. The company chairman, Mr. Donald V. Seibert and the president, Mr. Walter J. Neppl, said that based on early 1979 experience inventories are currently in excess of requirements to the coming months.

They expect consumer spending gains will moderate during the first half of this year and that the company, while it expects a good year, does not see sales gains matching last year's.

Thomson unlikely to need clearance over Hudson's Bay offer

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Federal Minister for Industry, Mr. Jack Horner, said yesterday that a preliminary study had shown that the Thomson newspaper conglomerate does not need approval of the Foreign Investment Review Agency (FIRA) to take over Hudson's Bay Company (The Bay).

However, in a written reply to an inquiry from a Liberal MP, Mr. Horner said that "in view of the importance of this proposed acquisition, officials of the Agency are seeking specific confirmaion of the status of these companies."

Large surplus of funds

The Thomson interests, citing a large surplus of funds available for new investments, announced on March 1 that they were offering C$31 each for 51 per cent of The Bay's 23m outstanding shares, an offer worth C$365.2m.

Hudson's Bay only recently had won a take-over battle for Simpsons Limited, the Toronto-based company which had planned to sell out to the U.S.-based Sears Roebuck. FIRA examined the proposed U.S. purchase at that time.

The same question of FIRA involvement was raised immediately in the bid for Hudson's Bay by Thomson. The Thomson Group includes worldwide investments, such as newspapers in several countries, including The Times in Britain, and oil and gas interests in the North Sea.

"On the basis of the information available to me, I have no reason to believe that the various companies that comprise the Thomson Froup are non-eligible persons within the meaning of the Foreign Investment Review Act," said Mr. Horner.

This means that Thomson interests would be considered as Canadian companies and, therefore, would not have to seek Government approval to acquire another Canadian-controlled company.

Resource company gains aid George Weston result

BY JIM RUSK IN TORONTO

SHARP PROFIT gains by its resource-based subsidiaries were largely responsible for a 72 per cent profit increase in 1978 by George Weston. In a preliminary statement, the Toronto-based company reported an operating profit in 1978 of C$50.6m, or C$4.06 a share, compared with C$27.5m, or C$2.36 a share, a year earlier. Revenue was C$5.2bn compared with C$4.6bn. Tax recoveries brought final profit in 1978 to C$57.3m (US$48.7m), or C$4.66 a share, compared with a final profit of C$32m, or C$2.77 a share.

Mr. W. Galen Weston, chairman and president, said that the mix in the company's profitability among its four main divisions had shifted significantly in favour of resource-based companies. In large part, this occurred because of the devaluation of the Canadian dollar during 1978. The forest products division had an operating profit of C$22.2m compared with C$1.6m in 1977; fisheries C$30.6m (C$2.4m); wholesale and retailing C$59.6m (C$47.3m); and food processing, C$28.9m (C$31.7m).

The company also significantly reduced its debt levels. With its strengthened financial position, Mr. Weston feels it is now in a position to make a reasonable profit.

EUROBONDS

Investors take the day off

BY FRANCIS GHILES

NEW SWISS FRANC foreign bonds are falling to very heavy discounts as they start trading in the secondary market. Despite an increase in secondary market prices of recent bonds which had been worst hit in recent days, the Swiss Franc foreign bond market continues to be something of a disaster area: the 3½ er cent 12 year issue for Osterreichische Kontrollbank which started trading yesterday was quoted at 93¾ as against an issue price of 99. It is yielding 4.43 per cent against 3.86 per cent when the bond was on offer.

The same fate has befallen the two tranche issue for Norges Kommunalbank which started trading last Friday. The yield on the 12-year tranche has fallen from 3.82 per cent when the bonds were offered to 4.02 per cent yesterday. On the 15-year tranche the fall has taken the yield from 3.50 per cent to 4.14 per cent. Such falls are greater than they look at first considering the low level of coupons prevailing in the Swiss Franc sector if compared to those in the DM, let alone the dollar sector.

Some Swiss banks are openly questioning whether some of the recent issues have been covered by subscriptions: most lead managers decline to comment. The only thing all dealers are agreed upon is that "investors are on strike" for the time being as far as buying is concerned—not selling. Coupons for prime borrowers have edged up in recent weeks and in some instances maturities have been shortened. But investors are still sitting tight.

The prices on some recent issues moved up yesterday: this was particularly true of bonds which had been harder hit than others in recent days or which boasted shorter maturities. The bond for the Asian Development Bank which was trading at 89¾ in the middle on Monday was quoted at 90¼ yesterday. Its price of issue was 99. The volume of secondary market trading is not all that great, according to dealers: simply there are no buyers around.

MEDIUM-TERM CREDITS

Nine-year loan for Uddevallavarvet

BY JOHN EVANS

A EUROCURRENCY loan totalling SKr 315m ($72m) has been completed for Uddevallavarvet AB, the Swedish state-owned shipyard, by a group of banks led by PKBanken Investments.

The main part of the nine-year credit will consist of a dollar tranche carrying a margin of ¾ per cent over interbank rate.

The proceeds will be used in the financing of a 500,000 dwt tonner built by the yard.

Elsewhere, the 10-year credit for the Korea Exchange Bank, led by Lloyds Bank International and the Chase Manhattan group, is expected to be increased to $400m from the originally planned $200m.

Spreads remain at ¾ per cent for the first two years, and ⅞ per cent thereafter.

The credit for the Mexican state electricity utility, Comision Federal de Electricidad, is likely to be raised to $600m. The loan, in two equal tranches of 10 and 12 years with respective spread originally scheduled to total of ⅞ per cent and 1 per cent, was originally scheduled to total $300m.

United International Bank has been given a mandate by C. A. Cavendes Sociedad Financiera, a major Venezuelan financing agency, to raise $20m for five years at a margin of 1 per cent.

The Venezuelan Government owns 16 per cent of the agency through a shareholding taken by Corporacion Venezolana de Fomento.

NATIONAL STEEL'S BID FOR UFC

Hunting profits in the candy floss sector

BY STEWART FLEMING IN NEW YORK

THE U.S. steel industry's mounting frustration at government interference is reflected in National Steel's $243m takeover bid for United Financial Corporation (UFC.) the Californian savings and loan association.

Savings and Loans (S and Ls) are the U.S. equivalent of the British or German building society. They provide the bulk of the loans for Americans buying their own homes. In the past three years, the savings industry has seen its profits surge as the country indulged in an inflationary housing spree. Last year alone, over $100bn of mortgage debt was pumped into the housing market.

National's bid comes just over a year after the Carter Administration's move to protect the American steel industry from foreign imports. The trigger price mechanism set up by the U.S. Treasury to protect the industry allowed it to push up prices, and profits recovered dramatically.

National Steel, the third largest U.S. steel maker with revenues last year over $3bn, saw its profits almost double from $60m to $112m after tax.

Now its seems that the company is looking to spend some of its improved cash flow on a takeover bid in what can currently be described as a candy floss sector of the economy—at a time when Washington's policymakers might have hoped that the steel industry would have pumped funds back into modernising and expanding steel-making capacity in order to improve its cost structure.

National Steel concedes that, for the time being, the decision virtually rules out major expenditure on expanding steel-making capacity by the building of new facilities. Some industry analysts say that National is in no hurry either to complete an existing facility which it has already started.

Mr. Peter Marcus, a leading steel analyst with the new firm of Paine Webber Mitchell Hutchins, argues that other major steel companies (Armco and Republic, for example) are equally unlikely to take the risk of a major expansion of capacity.

National Steel's recent diversification move reflect disenchantment with investment prospects within the steel industry itself. But a move into the home loans area is raising eyebrows in the investment community

With Bethlehem, the industry's number two, recuperating from a $450m loss in 1977, that leaves only U.S. Steel, the industry's giant. U.S. Steel has been agonising for three year about whether to build a new greenfield site at an estimated cost of $4bn. Late last year, however, it indicated that it was ready to invest over $1bn expanding its chemicals business.

For over a decade now, profit margins and return on assets in steel have been generally below the average for U.S. manufacturing industry. According to Mr. Charles Bradford, steel analyst at Merrill Lynch, the largest six U.S. steel companies in 1978 earned profits of $1.48bn after tax. This compared with only $429m in 1977 (there would have been an aggregate loss if Bethlehem's figures had been included) and profits of close to $1.6bn in 1974, the last cyclical peak.

Even after last year's recovery, however, Mr. Bradford estimates that the U.S. industry earned no more than 9 per cent on assets compared with about 15 per cent for manufacturing industry as a whole. For the Big Six, profit margins (net income to sales) were only 3.3 per cent, again well below the manufacturing industry average.

The current year could well see a further improvement in profits. Much depends on when, and if, a recession comes along. But the outlook for 1980 is clouded and it could well be that the industry will not even match average U.S. industry returns in this cycle even at its peak.

It is not really surprising that the industry is enticed by the prospect of employing some of its improved finances to join corporate America's takeover wave.

Certainly many steel analysts now expect other companies to be looking for acquisitions and analysts such as Mr. Peter Ingersoll, of Bache Halsey Stuart Shields, suggest that Wall Street's hottest takeover tip, the S and Ls, could appeal to other industry leaders than National Steel. Armco, for example, has already diversified into financial services such as leasing and life assurance.

RESULTS IN BRIEF

Earnings at Penn Central

NEW YORK — Penn Central Corporation, which emerged from bankruptcy proceedings last October, earned 19 cents a share or $4.5m for the 68 day period ended December 31, reports Reuter.

The net income figure is after deduction of 16 cents a share, or $3.8m for imputed Federal Income Taxes for which no payment was required.

Operating revenues during the 68 day period totalled $111.2m.

The fiscal year ends December 31 although the company is optimistic about 1979, it warned that performance could be adversely affected if there are serious gasoline shortages or curtailments.

No payment was required in 1978 for imputed Federal Income Taxes due to tax credits from discontinued operations and pre-reorganisation operating loss carry-overs.

As of December 31, Penn said asset disposition proceeds were used or set aside for the redemption of $154m of series "A" bonds and $58.5m of series "B" and series "D" serial notes.

During the 68 day period of operations, $40.7m cash was received from sale of property in the asset disposition programme.

Auto component manufacturer Dana Corporation announced net earnings for the second quarter of $39m or $1.23 a share against $26.1m or 82 cents last time, on sales of $693m ($505m). For the half year, net earnings of $80m or $2.50 a share compared with $59.2m or $1.87 last time, on sales of $1.37bn against $1.05bn.

Wickes Corporation, retailing group, earned $4.7m or 38 cents a share in the final quarter, compared with $3.1m or 28 cents previously, on sales of $418.5m against $330.3m. This brings the full year's earnings to $34.4m or $3.14 a share compared with $26.7m or $2.49 last time, on sales of $1.92bn against $1.49bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¾ 88	25	94⅛	94⅝	−0⅛	−0⅛	10.20
Bayer Int. F. XW 7¾ 89	200	83⅝	84⅛	0	−0⅛	9.87
CECA 9¾ 84-99	50	95⅞	96⅛	0	0	9.80
Canada 9 83	400	98¼	98¾	+0⅛	+0⅛	9.63
Canada 9¼ 98	350	†98½	99	+2⅛	+2⅛	9.61
Canadair 8½ 83	70	95	95½	−0⅛	+0½	9.90
Dominion Bridge 9 86	25	93⅜	94⅛	0	+0⅛	10.22
Dow Chem. O/S 9⅝ 94	200	97	97½	0	+0¼	9.98
EIB 9⅞ 98	125	94¼	94½	+0⅛	+0⅛	10.01
Export Dv. Cpn. 9.85 84	150	100⅜	100⅞	−0⅛	+0⅛	9.91
Export Dv. Cpn. 9⅜ 84	100	97¼	97¾	0	+0¼	9.91
Eksportfinans 9 86	50	95¾	96¼	−0⅛	+0⅛	9.76
Finland 8¾ 83	100	96	96¾	−0⅛	+0⅛	10.04
Finland 9 88	100	95	95¾	−0⅛	+0⅛	10.00
Finland 9½ 86	100	97¼	97¾	−1⅛	+0⅛	10.01
GTE Fin. 9½ 84	50	97⅞	98⅛	0	+0¼	9.99
Gould Int. Fin. 9¾ 85	50	99¼	99¾	−0⅛	+0⅛	9.86
Hospital O/S 9 83	25	96⅞	97⅜	+0⅛	+0⅛	9.79
Hudson Bay Co. 10 94	50	100⅜	100⅞	+0⅛	+0½	9.91
Itel Finance 9¾ 90	30	94½	95	0	+0¼	10.54
J. C. Penney 8½ 83	100	95½	96	−0⅛	−0¼	9.71
Manitoba 9½ 89	75	96¾	97¼	0	+0½	9.99
Nat. West. 9 86	75	96⅛	96⅞	0	0	9.65
New Brunswick 9¾ 94	75	97⅜	98⅛	−0⅛	+0⅛	10.03
Newfoundland 9¼ 90	50	95¾	96¼	0	+0¼	9.84
Newfoundland 10 94	50	98½	99	0	0	10.17
Nord Inv. Bk. 8¾ 88	25	94⅜	94⅞	−0¼	0	9.65
Norsk Hydro 9½ 94	50	94⅞	95⅛	−0⅛	+0¼	9.88
Norway 7⅞ 83	250	93	93½	−0⅛	+0⅛	9.93
Norway 8¾ 83	150	†96¾	97¼	0	0	9.84
Norway 9¾ 84	150	100¼	100¾	0	+0¼	9.84
Ont. Hydro 8½ 85	125	94	94½	−0⅛	+0½	9.76
Portland 10 84	50	96⅞	97⅜	+0⅛	+0⅜	10.77
Quebec Hydro 9½ 93	50	96½	97	−0¼	+0½	9.92
Redland Fin. XW 9½ 91	25	91⅛	91⅝	−0¼	+0¼	10.80
Sears Roebuck 9 82	150	97⅞	98⅜	−0⅛	+0¼	9.76
UK 8½ 85	200	95⅞	96¼	+0⅛	+0⅛	9.62
UK 8⅞ 93	150	94⅞	95⅜	0	+0½	9.75

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	96⅛	96⅝	−0⅛	−0⅛	6.05
Argentina 6½ 88	150	94⅛	94⅝	−0⅛	−0⅛	7.31
Australia 6 88	250	99⅛	99⅞	−0⅛	−0½	6.05
Austria 5¾ 90	150	†92½	93¼	0	+0⅛	6.64
Banco Desarrollo 7¼ 86	100	98	98½	−0⅛	−0⅛	7.58
Bankamerica 5¾ 90	150	†97¼	98¼	−0⅛	−0⅛	5.99
Bq. Ext. Algerie 7¼ 85	100	96½	97¼	0	−0½	7.86
Brazil 7¼ 87	150	100	100½	−0½	−0⅛	7.20
CECA 6 88	150	96⅛	97¼	0	0	6.44
Ch. Manhtn. O/S 6 93	100	99¼	99⅝	0	0	6.06
Commerzbank XW 3½	100	81	81¼	+0⅛	−0¼	6.19
Copenhagen City 6 90	75	91¾	92½	−0⅛	+0½	7.01
Council of Europe 6¼	130	96½	96⅞	0	−0⅛	6.73
Denmark 5¾ 85	100	96⅛	96⅞	−0½	−0⅛	6.45
Denmark 6½ 89	100	96¾	97¼	0	+0⅛	6.93
EIB 6 90	300	93⅜	94⅛	0	+0⅛	6.78
EIB 6½ 91	200	97	97½	0	0	6.84
Eletrobras-Brazil 7 87	100	97	97⅝	−0⅛	−0⅛	7.47
Eurofima 6½ 89	100	100⅛	100⅝	0	+0½	6.44
Finland 6 83	150	99⅞	100⅛	+0¼	−0½	6.05
Hitachi Ship. 5¾ 83	50	98⅛	98⅞	0	−0⅛	6.08
Indonesia 7 84	100	98⅛	98⅝	0	0	7.35
Kobe, City of 5¾ 86	100	99⅛	99⅞	0	+0⅛	5.83
Megal Fin. 7 89	150	†98½	98⅞	−0⅛	−0½	7.25
Mitsubishi Petro. 5¾ 85	100	98½	98⅝	−0½	−0⅛	6.05
New Zealand 6¼ 87	200	99⅝	100⅜	0	−0⅛	6.27
Nippon Steel 5¾ 85	100	97⅞	98⅝	0	+0⅛	6.08
Nippon Tel. & T. 5½ 87	100	95¾	96¼	−0⅛	0	6.15
Nordic Inv. Bk. 6¼ 86	60	98	98½	0	−0⅛	6.57
Norges Komm. 6 90	100	95¼	95¾	−0⅛	−0⅛	6.67
Norges Komm. 6¼ 89	150	97⅛	98⅛	0	−0⅛	6.55
Occidental 6¾ 90	150	96⅝	97⅜	0	+0⅛	7.15
OKB 6½ 88	100	100	100½	−0⅛	+0⅛	6.46
OKB 6 87	40	97½	98¼	+0⅛	−0⅛	6.35
Petroleo Brazil 7 88	100	97⅜	98⅛	0	0	7.31
Ricoh 5¼ 83	30	97⅜	98⅜	−0½	−0⅛	5.80
Statoil 6 88	150	96¾	96⅞	+0⅛	+0¼	6.48
Statoil 6½ 89	150	97⅛	97⅝	−0½	0	6.82
UDS Group 5¾ 83	65	96½	97¼	+0⅛	+0⅛	6.57
Union Bank-Finn 6½ 88	50	95	95½	0	+0¼	7.19
Venezuela 6½ 90	150	92⅝	93⅛	−0⅛	−0⅛	7.43
World Bank 6¼ 88	400	†97⅛	97½	0	−0½	6.62

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	102⅛	102⅝	+0⅛	−2⅛	4.91
Amer. Exp Int. 3½ 93	40	97¼	97½	−0¾	−2⅛	3.73
Asian Dev. Bank 3½ 94	100	90¼	90½	−7¼	−0¼	4.39
Austria 3½ 93	100	93½	93¾	+3¼	−3⅛	4.08
Brazil 4¼	100	*93	93½	−1⅛	−6½	5.15
Chase Manhattan 4 93	70	100¼	100½	+1⅛	−0⅞	3.96
Council of Europe 4¼	100	100¼	100½	+0⅛	−1½	4.21
Bankamerica 3¾ 93	80	97	97½	−4	−3⅛	4.00
BNDE 5 88	75	101⅝	101⅞	−1	−0⅛	4.76
Denmark 4½ 90	100	102½	103	+0¾	−0¾	4.19
EIB 4¼ 93	100	100½	101	−1⅛	−0⅛	4.17
Euratom 4¼ 93	80	98½	98¾	−2⅛	−2⅛	4.38
F. L. Smidth 4½ 89	25	102½	102⅞	0	−0½	4.18
Finland 4½ 93	80	101⅛	101⅝	0	−0⅛	4.38
GZB 4½ 93	100	101⅝	101⅞	−0½	−1⅞	4.33
Heron 4⅞ 89	35	99	99¾	−0⅜	−7⅛	4.36
ICI Fin. NV 3½ 94	230	93¼	93½	+0⅛	−0½	4.10
Malaysia 4¾ 90	80	98¼	98½	+0⅛	−0½	4.93
New Zealand 3½ 94	120	95½	96	+0⅛	−1⅛	3.88
Norges Komm. 4¼ 90	100	102	102¼	−0⅛	−1⅛	4.01
Oy Nokia 5 90	20	102	102¼	+0⅛	−0⅛	4.75
Sandvik 4 90	85	97½	97¾	−2¼	−2½	4.26
Seas 4½ 88	15	101⅛	101½	−0⅛	−1½	4.31
Voest-Alpine 4½ 93	100	101⅛	101⅞	−0⅛	−2⅛	4.33
Vienna 4 93	100	99½	100	0	−0⅛	4.02
World Bank 4¼ 93	250	†100⅛	100¾	+0⅛	+0⅛	4.19

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅜ 88	15	87½	88¼	−0⅛	+0⅞	7.58
Australia 5.6 83	30	96⅛	97⅛	0	−1	6.47
Australia 6⅞ 88	20	93⅞	94⅛	0	+0½	7.57
BFCE 6.4 90	30	91⅞	92⅞	0	+0⅛	7.65
Finland 5.6 83	10	95¼	96¼	0	−0⅜	6.76
Finland 6.8 88	10	93½	94½	0	−0⅞	7.83

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	94⅜	95⅞	−0⅛	+0⅛	12.96
Auto Cote B. 7 93 EUA	16	92	93¼	0	+0⅛	7.87
Komm. Inst. 7½ 93 EUA	15	97½	98⅜	0	0	7.71
Paname 8¼ 93 EUA	20	94⅜	96	0	+0⅛	8.82
SDR France 7 93 EUA	22	92⅞	94⅛	+0⅛	+0⅛	7.78
Algemene Bk. 6¾ 83 Fl	75	94⅝	95⅜	+0⅛	+0⅛	7.89
CFE Mexico 7¾ 83 Fl	75	98	98⅜	−0⅛	−0⅛	8.19
EIB 7¼ 85 Fl	75	94⅜	95½	−0¼	0	8.31
New Zealand 6¾ 84 Fl	75	94⅜	95⅛	−0⅛	−0⅛	7.99
Norway 8¼ 84 Fl	100	100¼	100⅜	−0⅛	−0⅛	8.16
Elf Aquitaine 9¾ 88 FFr	150	98¾	99¼	−0⅛	−0⅛	9.90
EIB 9¾ 88 FFr	200	99	99½	0	0	9.88
Norway 9⅜ 84 FFr	200	99¾	100	+0⅛	−0⅛	9.34
PSA Peugeot 9¾ 87 FFr	175	99¼	99¾	0	0	9.84
Unilever 10 85 FFr	100	100⅞	101⅜	−0¼	−0½	9.72
CECA 9¾ 89 £	20	87⅜	88¼	−0⅛	+1⅛	11.73
Citicorp 10 93 £	20	86¾	87½	−0¼	+0⅛	11.94
EIB 9¾ 88 £	25	89¾	90½	−0¼	+1⅛	11.58
Finance for Ind. 13 91 £	15	101⅛	102⅛	−0⅛	−0⅛	12.69
Fisons 10¾ 87 £	10	91	92	+0⅛	+1⅛	11.84
BAT 8 88 LuxFr	250	96⅞	97⅞	0	0	8.40
Bayer Lux. 8 86 LuxFr	250	97⅜	98⅜	0	−0⅛	8.38
EIB 7¾ 88 LuxFr	250	96⅞	97⅞	+0⅛	+0⅛	8.15
Finland I. F. 8 88 LuxFr	250	97⅛	98⅛	0	0	8.37
Norway 7¾ 83 LuxFr	250	97⅛	98⅛	0	0	8.33
Norges Km. 8 86 LuxFr	500	98⅞	99⅞	0	0	8.10
Renault 7¾ 88 LuxFr	500	96⅜	97¼	−0⅛	+0⅛	8.17
Solvay Fin. 8 85 LuxFr	500	99⅜	100⅜	−0⅛	−0½	7.98
Swedish Bk. 8 88 LuxFr	500	99⅜	100⅛	+0⅛	+0⅛	8.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0⅛	95¾	96¼	31/7	11.44	11.91
BFG Fin. Co. M5.5 89	0¼	98⅛	98⅝	12/7	12.4	12.57
Bco. El Salvador M8 83	1⅛	97¼	98½	12/4	11.31	11.53
Bco. Nac. Argnt. M8 83	0¼	99½	100	21/7	12¼	12.28
Banco Urquijo 6 88	0¼	97⅜	98⅛	21/3	—	—
Bank of Tokyo M5½ 93	0¼	97⅜	97⅞	18/4	10½	10.78
Banque Worms M5¾ 85	0¼	98⅛	98⅝	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0¼	96⅝	97⅛	9/8	11⅞	12.27
Bq. Ext. d'Alg. M7.5 85	0½	95⅛	95⅝	2/5	12¼	13.37
Bq. Indo et Suez M5½	0¼	99	99½	25/7	12	12.09
Bq. I. Af. Occ. M6.5 83	0¼	97⅜	98⅛	12/7	12.4	12.67
BNP 5½ 91	0¼	97⅞	98⅛	22/2	11⅛	11.62
CCCE M5.25 98	0¼	97½	98	3/8	11⅛	11.64
Ch. Man. O/S M5¼ 93	0⅜	97¾	98¼	27/7	11.73	11.98
Credit National M5¾ 88	0⅞	98¼	98¾	11/7	12.31	12.50
Gotabanken M6 88	0¼	98¼	98¾	15/5	12.31	12.50
Ind. Bk. Japan M5½ 85	0¼	99¾	100¼	1/6	12.36	12.35
Ljubljanska M7.75 85	1	96⅞	97⅜	18/7	12.94	13.30
LTCB Japan M5¼ 85	0¼	99¼	99¾	9/5	12.06	12.12
Midland Intl. M5¾ 93	0¼	98½	99	20/7	12¼	12.41
Nat. West. M5½ 90	0¼	95	99½	21/6	12½	12.59
Nipp. Crdt. Bk. M5.5 85	0¼	99¾	100¼	22/6	12.81	12.81
OKB M5¼ 88	0¼	100¼	100¾	18/4	10.56	10.51
Offshore Mining 86	0¼	98⅞	99⅜	19/7	12.19	12.30
Petro Mexicano 7¾ 84	0⅞	98¾	99¼	24/7	12.06	12.18
Privredna Banka M8 86	0⅞	95¾	96½	22/6	13.44	13.98
Standard Chrt. M5.5 90	0¼	97¼	97¾	10/8	11.56	11.88
Sundsvallsbnkn. M6 85	0¼	97¼	97¾	4/4	10.06	10.32

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	89⅝	90⅝	−4⅛	6.77
Baker Int. Fin. 6½ 93	1/79	34	108¼	109¼	+1¼	4.89
Boots 6¾ 93	2/79	2.16	103¾	104¾	−0⅜	−5.85
Ciba-Geigy O/S F. 4 94	9/79	675	83⅛	84⅛	−0½	−12.05
Coca-Cola Bottling 6¾	4/79	9	85¼	86	+0½	18.56
Honda Motor 5½ 89	5/79	532	89⅛	90	−3⅛	3.18
Ito-Yokado 5¾ 93	6/78	1339	114½	115¼	−3¼	−0.70
Novo Industri 7 89	4/79	259	92	93	+2⅛	13.77
Texas Int. Air. 7½ 93	4/79	14.5	92	93⅛	+0⅛	5.34
Thorn Int. Fin. 7 88	11/78	3.67	111¼	112	−1⅛	−2.12
Tyco Int. Fin. 8½ 88	9/78	21	102	103	+0⅛	7.63
Asahi Optical 3½ DM	12/78	588	96¼	97¼	+0¼	2.62
Casio Co. 3½ 85 DM	11/78	841	94½	95½	−0⅛	8.00
Izumiya 3½ 86 DM	10/78	989	89⅛	90⅛	+0¼	14.09
Jusco 3½ 86 DM	1/79	1154	88½	89½	−0⅛	22.92
Kansai Elec. 4 84 DM	4/79	1350	92¼	93¼	−0⅛	12.85
Konishiroku 3½ 85 DM	1/79	612	90⅛	91⅛	−0⅛	9.95
Marudai Food 3½ DM	2/79	1033	88⅞	89⅞	0	27.95
Murata M. 3½ 86 DM	11/78	854	98½	99½	−0¼	0.78
Nipp. Air. 3.5 88 DM	12/78	508	86⅜	87⅜	+0¼	4.56
Nippon Shinpan 3¾ DM	8/78	738	96½	97⅜	−0⅛	1.51
Nippon Ysn. 3½ 85 DM	1/79	251	93½	94½	−0¼	7.50
Nissan Diesl. 3½ 86 DM	2/79	477	90⅛	91⅛	+0½	11.55
Olymp. Opt. 3½ 85 DM	2/79	703	100¼	101¼	−0⅜	−1.15
Ricoh 3½ 86 DM	10/78	617	92⅞	93⅞	+0¼	16.00
Sanyo Electric 3½ DM	11/78	295	89⅞	90⅞	0	1.55
Sharp Co. 3½ 88 DM	2/79	487	93½	94½	−0⅛	−0.22
Stanley Elec. 3½ DM	11/78	623	89¼	90¼	+0⅛	23.72
Tokyo Elec. 3¾ 87 DM	4/79	476	90¼	91¼	−0⅛	1.76
Tokyu Ld. Co. 4 86 DM	4/79	493	91	92	−0⅛	9.36
Trio-Knwd. 3½ 86 DM	11/78	711	85½	86½	−1⅛	29.05

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SWISS BANKING

Business volume up—profits squeezed

BY JOHN WICKS IN ZURICH

BUSINESS volume of Switzerland's leading banks rose to a new record last year. The balance-sheet totals of the Big Five—Swiss Bank Corporation, Union Bank of Switzerland, Credit Suisse, Swiss Volksbank, and Bank Leu—reached an aggregate of SwFr 188.75bn (about £55.6bn) at the end of 1978, by more than 9 per cent above the level of a year before. Since these five institutions alone account for about 60 per cent of the aggregate assets of the 71 Swiss banks regularly reporting to the National Bank, their importance to the national economy is substantial. Results published this year so far by other banking houses show that the growth of business was general: from the end of November 1977 to the end of last November the balance-sheet figure for the 71 was up by 7 per cent.

The Big Five are pleased with their further continued expansion in the face of a number of negative factors—such as conversion losses on foreign balance-sheet positions because of the rise of the franc or the partial decline of inter-bank operations. The real boost came from the swelling of clients' deposits, which rose in the case of each of the banks in question and more than made up for a fall, in three of the balance sheets, of the due-to-banks total. The sharp increase of the non-bank creditor sector was brought about primarily by a rush on demand deposits—in part a shift from sight deposits—and increased savings and deposit accounts and outstanding bond debts. The Swiss seem out to beat their own records for thrift.

Growth is not considered a virtue in itself by the Swiss banks. Apart from the permanent problem of having to create new capital to meet equity ratio requirements, the financial institutions—whether banks, insurance companies or pension funds—are finding it more and more difficult to invest the money flowing into their coffers. Not all of the increase in non-bank deposits could be used for lending, while actual return on assets has been sinking fast.

Higher balance-sheet totals do not necessarily lead to a corresponding improvement in earnings. Last year, only Bank Leu—by far the smallest of the "Big Five"—managed to increase net profits. For the first time in years there was a marked overall drop of earnings; from the record sum of SwFr 809m for the five leading commercial banks attained in 1977, the composite sum declined to SwFr 762m.

There were a number of reasons. First of all, income from securities fell in the case of all five banks except Swiss Volksbank, the result of several causes including falling yields from bond holdings and of the exchange-rate situation.

The fact that interest spreads have been at an all-time low in Switzerland had a corresponding effect on net interest income. Generally speaking, the only real improvement of the profit and loss account of most banks was to income from foreign-currency and precious-metals trading, a result of last year's high turnovers.

Even there, the profits earned were relatively modest in consideration of the actual volume of business handled. A recent estimate puts total foreign-exchange turnover by Swiss banks in the region of SwFr 2,000bn a year. An idea of the profitability is given by a recent announcement by Bank Julius Baer, which — as a thoroughly successful banking house—in 1978 booked a net income of SwFr 5m from a foreign-currency turnover of about SwFr 30bn. The big banks declined to disclose their turnovers, but the earnings ratio will probably not be very different.

Despite the less satisfactory showing of bank profits last year, all the five biggest commercial banks with a single exception have kept up their previous year's dividend. The exception is Swiss Volksbank, whose shares suffered last autumn from rumours of a pending drop in dividend. However, the decline from a distribution of 16 to 14 per cent was finally carried through without arousing obvious ill-will from the stock market. It may be that other banks are secretly grateful to the Volksbank for having dared to pioneer a more flexible dividend policy.

It is hard to say what 1979 will bring. Much depends on the monetary situation and, less directly, on official measures which may be taken in connection with it. All in all, though, it looks as though this year could prove more favourable than 1978. What appears to have been a turn in the tide became apparent in the final months of last year—as a result of which Union Bank was able to show a net-profit drop of "only" 6 per cent instead of the 10 per cent decline which had been expected.

The New Year got off to a good start with the lifting in January of the 11-month-old restrictions on Swiss-franc portfolio investments by non-residents. The Swiss franc itself is remarkably stable, and bankers are increasingly optimistic that another upswing of the exchange rate is not pending.

There also are signs of higher interest rates and, with them, better spreads. Union Bank's managing director, Dr. Peter Gross, speaking in Zurich in February, already felt he could forecast an improvement of profits for next year—but not back to the level reached in 1977. Crédit Suisse for its part expects to be able to pay an unchanged dividend on higher capital.

Whatever the case, and despite differences in individual points of policy, it seems probable that Switzerland's top banks will develop in 1979 at more or less the same rate. It was, Mr. Rainer Gut, of Crédit Suisse said, a coincidence and not the result of a "concerted action" that net profit had fallen by the same rate of about 6 per cent for the leading four banks. But, he added, "in principle we all have the same base to work on."

SWITZERLAND'S BIG FIVE IN 1978
(SwFr m.)

	Swiss Bank Corporation		Union Bank of Switzerland		Crédit Suisse		Swiss Volksbank		Bank Leu	
	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977
Balance-sheet total	63,244	55,710	60,951	56,118	47,599	44,037	12,938	12,133	4,017	3,511
Total deposits	33,586	30,368	36,388	32,014	28,865	25,328	11,334	10,370	2,823	2,504
Due to banks	22,244	19,307	16,607	16,870	12,678	12,929	337	578	592	472
Total loans	22,851	20,135	27,004	23,496	23,816	20,623	10,332	9,442	1,590	1,371
Due from banks	27,638	22,993	21,444	21,502	12,115	11,394	725	864	1,545	1,420
Net profits	223	237	250	266	220	235	52	55	17	15
Dividend (%)	10	10	20	20	16	16	14	16	16	16

Higher payment from Stora Kopparberg

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDISH forest products and power group, Stora Kopparberg, reports pre-tax profits of SKr 144m ($33m) after financial costs but before extraordinary items for 1978, the first year following the disposal of its steel and mining operations to the new, half-state-owned SSAB steel company. A dividend of SKr 8.50, up from SKr 7, is proposed.

Group sales in 1978 were SKr 2.97bn ($683m), compared with SKr 2.64bn the preceding year for the corresponding portions of Stora Kopparberg and SKr 4.16bn including the portions transferred to SSAB.

Before the disposal of its steel and mining operations, Stora Kopparberg recorded a 1977 pre-tax loss of SKr 127m.

The group easily exceeded the prediction in its eight-month report of earnings around SKr 100m after extraordinary items, reaching a figure of SKr 188m, against a 1977 loss of SKr 88m.

Operating profit last year was SKr 326m, compared with SKr 68m in 1977. But because the latter figure included SKr 297m in operating losses by units later transferred to SSAB, the 1978 result for remaining units in fact represents a decline of SKr 39m. Operating profit for forest products dropped from SKr 191m to SKr 94m while earnings from power plants rose.

In its preliminary report, Stora Kopparberg said the market situation had improved for all the company's products and by year-end all factories were working at full capacity.

● Rauma-Repola's preliminary report for 1978 is slightly less ebullient than its final for 1977, but still optimistic compared with the annual reports of most of the major manufacturing companies in Finland, writes Lance Keyworth from Helsinki. Rauma maintained its leading position in the Finnish export rankings last year, lifting exports to FM 2.7bn ($675m), or 82 per cent of the net sales

The forest industry division increased its share of total turnover for the first time in three years, from 42 to 45 per cent. But the economic result of this sector was still "unsatisfactory." The metal sector, enginering and shipbuilding, experienced a sharp reduction in orders and faces uncertain prospects in the short term. New orders were down about 33 per cent to FM 600m at the end of last year.

Exchange rate changes check Pluess turnover

BY JOHN WICKS IN ZURICH

HINDERED BY exchange-rate changes, group turnover of the Swiss chemical trading concern Pluess-Staufer fell by 4.1 per cent from SwFr 747m to SwFr 717m ($429m) last year. Business was also "negatively influenced" by a marked decline in prices of important product groups on the home market.

Parent-company net profits nevertheless managed to rise from SwFr 4.05m to SwFr 4.59m over the year and the Board recommends a maintained dividend of SwFr 250 per share. Transfers to special reserves for foreign commitments are to rise from SwFr 3m to SwFr 4m.

Outside Switzerland, Pluess reports "gratifying" increases in sales in the U.S., France and Spain

● Net profits of Nordfinanz-Bank rose slightly from SwFr 11.5m to SwFr 11.7m last year after an 8 per cent increase in balance sheet total to SwFr 1.5bn. The bank, in which the London-based consortium bank Nordic Bank holds a 60 per cent shareholding, is to pay an unchanged dividend of 10 per cent

The 1978 results show a fall from SwFr 18m to SwFr 17m in the interest balance, but otherwise there are increases in earnings from bills and money-market papers, commissions and foreign exchange and precious metal trading.

Berne insurer lifts income

BY OUR ZURICH CORRESPONDENT

PREMIUM INCOME of The General of Berne Insurance Company (Berner Allgemine Versicherungsgesellschaft) rose by 4.5 per cent last year to SwFr 241.7m ($145m), with net profits of SwFr 5.58m.

Fire and elementary-loss insurances, as well as burglary and theft business, were unsatisfactory, while operations in third-party, casualty and transport insurance developed well.

The board is to recommend an unchanged dividend of SwFr 65 per share, plus a SwFr 5 jubilee bonus, while SwFr 10 each will be paid on the dividend certificates of the affiliates Bernese Life Insurance Company and Alba General Insurance Company.

Navigazione eats into capital to cover loss

By Our Financial Staff

A SUBSTANTIAL write-down of capital to cover trading losses expected for 1978 is announced by Compagnia Italia di Navigazione, the Italian state-owned shipping company.

The group's losses for the past year are expected to emerge at L15bn ($17.6m) with actual losses for the first nine months — now revealed — already totalling L14bn. In 1977 the shipping group's total deficit was L23bn.

Because of the latest deficit, Navigazione is to write-down its capital by L10.5bn — to L4.5bn from L15bn.

The board reports that group losses would be reduced in 1979 following a reorganisation that included the suspension of services to the Mexican Gulf.

● Sharply higher profits and dividend for 1978 and the allocation of funds to purchase company shares are reported by Lepetit, the Italian pharmaceutical company, controlled by Dow Chemical of the U.S. Profit rose to L22bn in 1978 from L12.8bn previously.

The company is to distribute a dividend of L920 per Ordinary share and L1.000 per preferred share. These payments compare with L620 per ordinary and L700 per preferred in 1977. The board has also decided on an allocation of L10bn to purchase company shares on the Italian stock market.

Granges secures reduction of losses

BY WILLIAM DULLFORCE IN STOCKHOLM

GRANGES, the Swedish metals and engineering group which has been undergoing a thorough restructuring under its new chairman and managing director, met its 1978 target of reducing pre-tax losses to under SKr 100m. It will waive the shareholders' dividend for the third year running but expects to show a profit in 1979.

The pre-tax result after extraordinary items for 1978 was SKr 81m ($18.6m), an improvement of more than SKr 700m over the 1977 result. The pre-tax loss before extraordinary items was cut from SKr 745m in 1977 to SKr 207m last year.

Group turnover was SKr 5.14bn ($1.38bn), which is almost unchanged from the previous year. About half now derives from building materials and the building industry, while the engineering and automobile industries contributed about SKr 2bn.

The sharp reduction in the pre-tax loss stems mainly from the sale of the steel and mining operations to SSAB, the new semi-State steel company, and the winding up of the shipping operation. The sale of other units helped to boost extraordinary income to SKr 126m while lower foreign exchange losses also contributed to the improvement.

After a book gain of SKr 48m from the sale of ships the group reports a net loss of SKr 83m compared with a loss of SKr 500m in the previous year, while the parent company shows a net profit of SKr 6m against a 1977 loss of SKr 505m.

The group trading profit before depreciation was transformed from a loss of SKr 143m in 1977 to a gain of SKr 213m and Mr. Bo Abrahamsson, the managing director, said yesterday that Granges now had good prospects of being able to manage on the surpluses generated by its operations.

This year there will be an automatic improvement of Skr 100-125m from the winding-up of the shipping operation and from the interest payable on the settlement with SSAB. Granges has also made considerable progress in solving two financial problems. It has reduced its foreign exchange risks by cutting its Swiss franc loans by SwFr 40m and its dollar loans by $10m.

It has also been able to pay off a considerable part of the debts on the steel company, with which it was left after the transfer to SSAB thanks to the resources released by the sale of asset and the reduction in working capital. Loans of SKr 679m were repaid last year while new loans taken up totalled SKr 497m.

At the end of the year the group held liquid assets of SKr 489m which was SKr 50m higher than a year earlier. Capital investments during the year amounted to SKr 240m including the value of the fixed assets in the companies acquired in line with the programme of strengthening the metalworking and aluminium operations.

Mr. Abrahamsson regards 1978 as "the most eventful year in Granges' history," marking the first phase in its regeneration. Its big losers were eliminated. The remaining contracting and management undertakings still had profitability problems but a more modern, market-orientated enterprise was now taking the field.

French chemicals group in red

BY TERRY DODSWORTH IN PARIS

CONTINUING over-capacity in the European plastics industry has combined with escalating costs on a new chemicals plant project to keep in the red one of France's leading chemical companies. CdF Chimie reports losses of FFr 400m ($93m) for 1978.

These gloomy results follow heavy losses in 1977, when CdF, owned by the French state coal-mining concern, Charbonnages de France, had a consolidated deficit of FFr 189m.

Results of the operating company have been equally depressing during the two years, with losses falling to FFr 200m last year against FFr 144.7m in 1977.

The group says that its results will improve this year because of an upturn in most of the main areas of its business. It is also taking steps to reduce administrative costs and is cutting its labour force through early retirement measures.

The company's statement of these provisional results makes it clear that CdF has experienced a difficult year both in terms of sales volume and price levels. To this has been added a heavy increase in financing costs in its Copenor division which is building a petrochemicals plant at Dunkirk.

Final costs on the Dunkirk project of which the investment was estimated at FFr 1.2bn, should become clearer in May. One of the other main divisions, APC, a nitrogen producer, is progressing with its programme of recovery and should be back in balance next year, the group says.

● Net 1978 losses for the steel group Sacilor are expected to be around FFr 1bn ($233.5m) compared with FFr 2.28bn in 1977, Mr. Jacques Mayoux, the chairman, told a meeting of shareholders. In 1979 losses should be reduced further to FFr 550m, he said.

Earnings show slight drop at Mid-Med Bank

By Godfrey Grima in Valletta

A MODEST decline in earnings is reported for 1978 bl Mid-Med Bank, the Maltese bank controlled by Barclays International and the Maltest Government.

At the pre-tax level, profits emerge at M£1.1m ($3.2m) compared to M£1.2m. Dividends of M£445,000 are to be pa

In its statement the bank announced that total shareholders' funds by December last year had grown to M£5.3m compared to M£5m. This week the Maltese premier, Mr. Dom Mintoff, announced in parliament that the government was seeking to buy out Barclay's shareholding in the bank.

Giles Merritt, in Brussels, looks at the future of the European Unit of Account

Uneasy days for the currency cocktail

WILL THIS week's introduction of the European Monetary System mark the revival of international bond issues in European Units of Account, or will it ensure that their faltering 5 to 7 per cent share of the Eurobond market fades away to nothing?

The issue is already being hotly debated and now Belgium's Kredietbank has entered the fray.

Kredietbank is today launching as lead manager a 40m EUA ($65m) loan for Stet, the Italian state telecommunications holding company. The Belgian bank is firmly pegging the issue to the close of the Paris summit of the European council and the formal launching of EMS. Kredietbank is convinced that EMS will provide a strong boost for EUA issues.

Apart from being the largest of the big three Belgian banks and the sixth most important of all Euro-issue managers in terms of volume, Kredietbank has a third claim on the market's attention as a house that tends to get these things right. Just 16 years ago it floated for Portugal's Sacor oil company the first ever Euro-dollar bond, establishing Brussels as at least the cradle of the Eurobond market.

Kredietbank is no stranger to EUA issues. During the past 15 years it has participated in almost all the 82 such Eurobonds issued that now total $2bn. Its argument now though is that the monetary stability that EMS will produce—judging by its de facto success so far this year—will make the EUA a better financing instrument than in the past.

Kredietbank says that it is in fact geared up to arranging loans in the new European Currency Unit (ECU) which now takes over from the Snake's European Monetary Unit of Account (EMUA), which defined the value of the EUA, as the common demoninator used to express currency values. But it frankly doubts that ECU bonds will materialise soon, if at all. It indicates that it would be willing to manage such an issue provided the borrower guarantees the extra costs that Kredietbank calculates at around 1½ per cent.

One selling point for EUA bonds is that, thanks to a set of complicated rules, borrowers are indemnified against the revaluation of most leading European currencies, although they are not covered against any devaluation of their own currency. The EUA is not a simple basket of currencies, while the ECU is.

But with the ECU built as a future European currency, Kredietbank, along with other established managers of EUA issues, is having to stress these advantages of the EUA, and its chief problem may be in explaining to the market the subtle superiority it believes the EUA still enjoys.

The bank maintains that the fact that the ECU is in itself a currency basket represents a serious disadvantage. Institutional investors, it claims, prefer to decide the weighting of any package themselves, while the ECU basket is inherently less stable than the EUA. Kredietbank feels that the ECU's role would best be restricted to that of numeraire for the EUA, which at present is the position.

The EUA will be defined in value against the ECU and this conversion rate will be redefined whenever member currencies of the EMS decide to devalue or revalue. The advantage to EUA borrowers is that so long as currencies remain within the bands of flexibility laid down by the EMS the the exchange rate of the EUA into any participating currency remains constant.

Swiss cut new issue calendar for bonds

By Jeffrey Brown

THE SWISS capital market authorities continue to lower their sights in relation to the amount of new paper that the domestic bond market can be expected to absorb.

For the second quarter of this year the new issue calendar has been set by the Swiss Capital Market Commissio nat SwFr 1.3b ($778m), excluding conversion issues. This compares with a figure of SwFr 1.35bn in the opening three months of 1979 and with SwFr1.6bn for the second quarter of 1978. Against the latter figure the latest borrowing target represents a decline of almost a fifth.

In recent weeks the Swiss bond market has been noticeably depressed. An oil price led upsurge in investor fears for the inflation rate—which the latest cost of living indices have tended to confirm—have severy unsettled market sentiment.

As a result, the long term 2¾ per cent bond issue now looks a dead duck. In Zurich bond market terms, the recent 2¾ per cent issue over 12 years from the Swiss Government was an effective flop (it was only just subscribed) and dealers now emphasise the need for coupons of 3 per cent or 3¼ per cent for maturities of ten years and upwards.

The latest borrower, the Union Bank of Switzerland, has opted for Safety and tagged a coupon of 3¼ per cent to its SwFr 100m offering over 11 years at par.

In the 12 months to the end of January 1979 net new money raised on the Danish capital market rose by more than a third. At DKr 56bn ($10.76bn), net debt compared with DKr 41.7bn in the same period a year earlier.

The main reason for the upsurge lies with the increasing level of government borrowings In the 12 months, government debt almost doubled to DKr 21.1bn at which it represents some 37½ per cent of total borrowing, against 27 per cent a year earlier.

Uniwert pays same again

By Our Zurich Correspondent

UNIWERT, a mutual fund for securities managed by Folag Fondsleitung AG, is to pay an unchanged gross dividend of SwFr 3 per certificate for the year ended January 31. The fund states that it continued to develop well, with certificate circulation up by a further 38,986 to 162,732 units and overall assets by SwFr 3.6m ($2.15m) to SwFr 13.5m.

INTERNATIONAL COMPANIES and FINANCE

Good start to year for Johannesburg SE

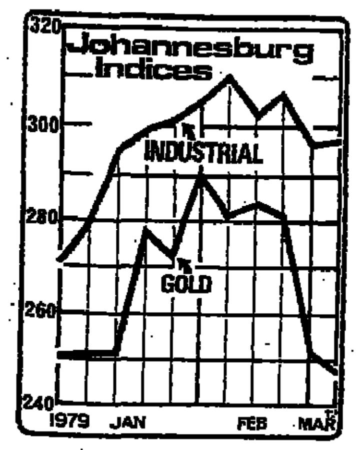
BY JIM JONES IN JOHANNESBURG

TWEEN New Year and mid-bruary, Johannesburg out-formed all other major stock rkets, and by a wide margin. After starting the year at .7, the Rand Daily Mail 100 lustrial Index peaked at .9 on February 13. The M Gold Index started 1979 254.2 and reached a high of .7 on February 7. By Mon- the RDM 100 was back to .7, and the Gold Index to .8.

iolds have clearly been cted by the sharp fluctua- is in the bullion market. But the rest, Johannesburg in-tors are apparently paying re attention to the stream of ellent results from com- ies in South Africa than to negative news of the mine-kers' strike and setbacks to lement in South West ica (Namibia).

What is worrying Johannesburg investors, however, is the narrowing financial rand discount. This is an inevitable consequence of implementation of the De Kock Commission's proposals, which by broadening the uses to which the old Securities Rand could be put to include investments other than listed securities, increased demand for the (re-named) Financial Rand.

If anything, overseas demand for South African securities has declined during the past month or two. But this has been more than offset by overseas investors looking to the Financial Rand pool for investment in plant and machinery. Effectively, investors in real, as opposed to paper, assets can now invest through Financial Rand at a discount on the commercial rand rate of $1.18 to the rand. Since March 1, demand has lifted the Financial Rand rate from 68 U.S. cents to the current rate of 76.5 cents.



The mechanics, as far as the stock exchange is concerned, are simple. As the Financial Rand rate rises and its discount on the commercial rand narrows, South African shares become more expensive to foreigners. If South African shares are not to rise in terms of overseas currencies, then Johannesburg share price quotes have to fall. This is exactly what has been happening, as evidenced by the moves in the indices since mid-February.

Johannesburg brokers are virtually unanimous in thinking that the Financial Rand rate will hit at least 80 cents by Easter—and that will have a further short-term dampening effect on such stocks as De Beers, golds and platinums which are widely held overseas.

The question being asked, however, is how far the South African Reserve Bank will let the Financial Rand rate rise. One of the objects of increasing the scope of the two-tier market is to encourage foreign investment through an attractive discount. So though no policy statement has been or is likely to be made by the Reserve Bank, a widely held view among Johannesburg brokers is that the bank will try to dampen the rate if it gets too far above the 80 U.S. cents level.

Paradoxically, though a strengthening Financial Rand has a short-term depressing effect on Johannesburg, some brokers see a combination of this and a strengthening gold price as having the potential to set the market off on another leg of its bull run.

London brokers have been putting out a spate of recommendations on gold shares. At the same time, Johannesburg brokers feel that investors tend to prefer investing in countries with strong currencies, which, they feel, is exactly what South Africa is becoming with a rising Financial Rand. If so, Johannesburg's rise may not have been simply a flash in the pan.

Decline at Middle East bank

By Our Financial Staff

BRITISH BANK of the Middle t, the subsidiary of Hong- g and Shanghai Banking poration, has announced that 1978 profit fell to £4.82m .8m) from £6.8m in 1977.

'he profit fall reflected a uction in the level of busi- s activity in the areas in ch the bank operates and the isfer of the Saudi Arabian iness on June 30 to the 'ly-formed Saudi British k in which it retains a 40 cent equity holding, Mr. . Hutson, the chairman, said. o dividends from the Saudi ish Bank have been taken the results. A dividend of m, against £5.5m in the ious year, was paid to the nt.

ie appreciation of sterling 978 reduced the profit con- ition from BBME's branches ome 6 per cent. In addition, previous year's figures had ted from surplus provi- s earlier made in view of situation in the Lebanon.

th the transfer to the Saudi sh Bank of assets and lities in Saudi Arabia, and appreciation of sterling ist Middle Eastern curren- balance sheet liabilities a fall in current deposit other accounts from £1.63m .37m.

ivances fell 21 per cent to n, and stood at about 47 cent of current liabilities; bills and certificates of sit, almost unchanged over year, were 11 per cent of ent liabilities.

ivances have traditionally the area in which the bank to deploy deposits from lle Eastern sources. How- , recessions, combined with transfer of the Saudi bian business, made inevit- a fall in the advance/ sit ratio from 51 per cent 7 per cent, Mr. Hutson com- ted.

Japan Line seeks another loan moratorium

BY RICHARD C. HANSON IN TOKYO

JAPAN LINE, the troubled major shipping company specialising in tankers, has asked its major creditors for another moratorium on loans on Y22.8bn ($113m) falling due in the fiscal year beginning this April. It is asking for special dispensation from the banks for the second year in succession. But prospects for the company are improving, and the breather provided under the leadership of the Industrial Bank of Japan has allowed it to cut its debts and to reduce its losses for the current fiscal year.

Operating losses for the year ending this month will be about Y18bn ($89m), or Y6.7bn less than in 1977-78. The net loss before tax will be down by Y8bn to Y12.5bn as a result of a significant improvement in its tanker operations, through cutbacks in payments for chartered ships and steps taken by the Government to lease five VLCC oil tankers as emergency storage facilities.

Japan Line also reached agreement with the Y. K. Pao World Wide Shipping Group to delay payments of Y2.8bn in charter fees during the year. Sir Yue-Kong Pao, the Hong Kong-based shipping tycoon, has been in turn backed by the IBJ, which has also made him a director.

Japan Line's financial troubles became critical in late 1977 and by the spring of 1978 the banks, including the IBJ, the Government's Japan Development Bank, and numerous other commercial banks and insurance companies, had agreed to financial rehabilitation. A total of Y47.8bn in loans due will have been covered by moratorium by next year.

The restructuring package included the selling of ships and assets, a reduction in charter payments and the laying off of crew, who were absorbed by a banking group.

The loans falling due next year include Y9.4bn under the Government-sponsored shipbuilding programme and Y4.5bn borrowed to finance ships to be operated by offshore companies in other countries.

During the next fiscal year, Japan Line will be selling additional tramp steamers, making sales of securities and other assets, and further trimming of its overall operations.

With the rationalisation measures and the loan moratorium, Japan Line intends to halve its pre-tax deficits to Y5.8bn for fiscal 1979, from its estimated loss of Y12.5bn for fiscal 1978. The company expects a considerable improvement in its tramp line through its drastic cutback of tramp ships, helped by a pick-up in the tramp market.

In addition to two tankers repurchased from the World Wide Shipping Group at the end of last year, the company is scheduled to buy back another three tie-in ships, which is expected to cut the interest payment burden sharply.

The line expects to save Y4bn by repurchasing the three ships. Tie-in ships are registered abroad and chartered back with foreign flags, so as to employ cheaper, foreign, crew. The Japanese company pays chartering fees through borrowings from foreign banks or Japanese banks' overseas subsidiaries, at an interest rate of around 12 per cent. The Japanese Export and Import Bank charges only 5 per cent on foreign currency loans to buy back tie-in ships, however, which covers the higher wage costs of Japanese crew—three times that of South East Asia.

Repurchasing of tie-in ships is also expected to give job opportunities for the company's surplus seamen. The company is planning to sell 12 cargo ships for fiscal 1979 and nine vessels for 1980, which it is feared, will produce excess crews of about 850. The company is meeting the situation by shifting crewmen to other divisions, by voluntary retirements, and by lay-offs.

Malaysian side boosts Hume Far East

BY H. F. LEE IN SINGAPORE

HUME INDUSTRIES (FAR EAST) has reported a 16 per cent improvement in group post-tax profit to S$5.62m (US$2.5m) for the six months to December. The profit increase was achieved on a 13 per cent increase in gross sales, to S$74.62m (US$34.4m).

On a pre-tax basis, profit increased at the higher rate of 21 per cent to S$10.02m. Hume said that its main operations in Singapore were severely affected by increased competition and higher costs, and consequently had much lower results despite improved sales.

Hume's Malaysian operations, on the other hand, recorded higher sales and profits. Hume expects its second-half results to be comparable with those achieved in the first half.

With the overall improved performance, Hume increased its interim gross dividend from 5 per cent to 6 per cent.

* * *

ROBINSON and Company, the Singapore retailer, recorded a marginal improvement in profit in its first-half pre-tax profit for the six months to December was up 1.7 per cent to S$4m (US$1.8m) on against a 9 per cent rise in turnover to S$24.57m (US$11.3m), writes H. F. Lee from Singapore.

Robinson has also reported an extraordinary gain of S$231,000 on the sale of property. Group pre-tax profit for the whole year, the company said, is expected to be maintained at the previous year's level of S$7.22m.

An unchanged gross interim dividend of four per cent has been declared.

Magnum diversifies

By Wong Sulong in Kuala Lumpur

MAGNUM CORPORATION, the Malaysian lottery organisation, has taken up 88 per cent of the equity of Mimaland Berhad, a leisure company, as part of a diversification programme.

Magnum is paying 1.42m ringgits (U.S.$3.2m) for 7.1m shares of 1 ringgit each of Mimaland, which operates a sprawling, but unprofitable, tourist complex outside Kuala Lumpur.

Magnum said that it would redevelop the Mimaland complex, including in this the upgrading of its existing facilities such as the swimming pool, boating club, chalets, and orchid farmers. It expected Mimaland to turn in a profit in its third year.

Meanwhile Timwan Holdings, one of the biggest consumer goods distributing agencies in Malaysia, has reported better results for last year, in line with the increase in private consumption.

Pre-tax profits rose from 4.1m ringgits to 5m ringgits (U.S.$2.3m), with sales rising from 55m ringgits to 70.8m ringgits (U.S.$32.3m).

The directors are recommending a final dividend of 17.5 per cent.

Matsushita announces bond details

OSAKA — The Y50bn (equivalent to some $250m) of unsecured convertible bonds to be issued by Matsushita Electric Industrial Company next month on the Japanese capital market, will have a maturity date of April 26, 1985, and will be priced at par. Payment is to be made on April 25. The coupon and conversion price have yet to be fixed.

Plans for the issue were announced at the end of February. It will be the first issue of unsecured bonds by a Japanese corporation since 1933.

Matsushita said that the bond will be convertible into its common stock shares after June 21 this year.

The money raised through the issue will be used for equipment investment, research and development expenses and overseas businesses.

Sumitomo bank will be the chief commission bank, while Yamaichi Securities Company will be the lead manager.
Reuter.

WORLD STOCK MARKETS

Early Wall St. firmness on Mid-East hopes

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—79¾% (82¼%)
Effective $2.0395 40¼% (43%)

STOCKS ON Wall Street showed a firmer bias at mid-session yesterday after fairly active trading, helped by some hopeful signs of progress in President Carter's Mid-East negotiations.

The Dow Jones Industrial Average improved 1.91 to 846.59 at 1 pm, while the NYSE All Common Index gained 10 cents to $55.97 and rising issues held a seven-to-five ratio lead over declines. Trading volume reached 19.95m shares, an increase of 3.58m shares from the level for 1 pm the previous day.

Closing prices and market reports were not available for this edition.

Carter said after talks with Egyptian President Sadat that he believes "we now have all the main ingredients of a peace treaty." Analysts said, however, that investors remained cautious about the developments.

The firm tone for the dollar on the first day of the European Monetary System was also helping market sentiment. However, analysts noted that there was some consolidating of positions following the strong advance last week which was limiting price gains yesterday morning.

American Motors topped the actives list and put on ¼ to $7¼. A block of 50,000 shares were moved at $7⅜.

Texas International, the target of a take-over bid, gained ⅛ to $12⅜.

Petroleum issues were firmer. Active Exxon improved ⅝ to $53⅜, Mobil ½ to $74½ and Getty ⅝ to $40⅞, but Texaco, which on Monday reported another dry hole in the Baltimore Canyon, was unchanged at $24⅞.

International Paper picked up ½ to $44½. The company has reached a new agreement to sell the oil and gas operations of its General Crude Oil subsidiary to a Tenneco unit and Southland Royalty for $705m. The deal supersedes an earlier pact with Gulf Oil at a price of $650m.

Cities Service climbed 1¾ to $56¾. It is to close down its money losing iron pellet operation in Copperhill, Tennessee.

Ludlow retreated 1⅛ to $16⅞. Tyco has received tenders for 1.29m Ludlow shares in its bid for 300,000 which expired on Monday.

J. C. Penney reported lower fourth-quarter and annual net earnings and slipped ⅜ to $29⅛.

THE AMERICAN SE Market Value Index rose 1.49 to 169.88 at 1 p.m. on volume of 2.38m shares (1.80m).

Amex volume leader Resorts International "A" put on ¼ to $53⅜.

Canadian Superior Oil, which jumped more than 13 points on Monday, reacted 1½ to $83. The company may merge with Superior Oil.

Canada

Markets put on a brighter performance in active early dealings yesterday, aided by news of a fall in unemployment which brought the rate below eight per cent for the first time since June, 1977.

The Toronto Composite Index moved ahead 6.2 to 1,410.9 at mid-day, while the Oils and Gas index strengthened by 28.7 to 2,070.4. Metals and Minerals gained 2.6 to 1,271.1 and Utilities 0.79 to 207.39, but Golds shed 1.6 to 1,531.4 and Banks 1.37 to 300.93.

Among Oil and Gas issues, Dome Petroleum rose 2½ to C$121½, Gulf Canada 1½ to C$45, Husky Oil C$1 to C$47½ and Home Oil 'A' ⅜ to C$51⅜.

George Weston added ½ at C$24 on higher annual net profits, but Fireco 'A' shed five cents to C$3.85 on lower earnings.

Tokyo

After a firmer start, the market came back to close with a mixed appearance again. Trading was moderately active, with volume expanding to 250m shares from Monday's low level of 190m. The Nikkei-Dow Jones Average ended 4.28 easier at 6,058.30, but the Tokyo SE index was 0.38 harder at 448.89.

Investors remained generally reserved due to several uncertainties, such as the trade dispute between Japan and the U.S., a rise in crude oil prices and China's delaying of Y420bn worth of contracts with Japan.

Precision machinery Manufacturers and Light Electrical concerns declined, but Constructions and other Government finance programme-related issues, like Road Paving issues, were purchased. Pharmaceuticals attracted sporadic buying.

Mitsui declined Y10 to Y316 on reports that it has agreed to slow building work for a big petrochemical complex in Iran.

Sony retreated Y40 to Y1,760. Matsushita Communications Y50 to Y2,090 and Victor Y20 to Y1,170, but Tokyo Marine advanced Y14 to Y515 and Kyoto Ceramic Y20 to Y3,970.

Germany

Stock prices continued mainly in easier vein, with most operators keeping on the sidelines ahead of possible changes in credit policies at this week's fortnightly meeting of the Bundesbank Central Council. The Commerzbank Index shed 3.6 more to 795.1.

Banks, however, picked up in places after early dullness, with Commerzbank finishing a net 20 pfennigs harder and Dresdner 40 pfennigs up.

Among Motors, Volkswagen receded DM 1.30, while VEBA, in Utilities, lost DM 1.40. KHD, in Engineerings, declined DM 2.00, while Metallgeselschait retreated DM 3.70.

Horten, in Stores, shed DM 1.80, but Thyssen, in Steels, gained 70 pfennigs.

Public Authority Bonds recorded fresh losses ranging to 35 pfennigs, with the Bundesbank purchasing a nominal DM 9.3m of paper after buying DM 7.8m on Monday.

Paris

Striking employees continued to prevent trading at the Paris Bourse yesterday as their stoppage entered the 11th day.

Forward shares and some foreign shares were quoted by the Stockbrokers Association under their special procedure in cases of industrial action, but Bourse sources said very few transactions were made at these levels. The list of Paris share quotations in the Financial Times has been updated with the forward share prices available yesterday.

The prices were made by broking houses who matched out the buying and selling orders they received for a particular share, but the strike meant there was a very narrow market in each share, Bourse sources stated, and the quotations cannot be considered other than as a general guide.

Australia

Stock prices were firmer inclined, with further gains by Oil issues and selected Coal stocks highlighting a day of active trading.

BHP reached a new 1979 peak of A$11.25, up 10 cents more on a heavy turnover. AOG, which also has a stake in Exmouth Plateau oil exploration leases, gained 4 cents to A$1.04. Woodside put on 3 cents to 81 cents.

In the Coals sector, White Industries rose another 10 cents to A$3.40, still benefiting from increased interim profits.

Copper stocks continued to move up, although the London copper price turned down overnight along with other key metals. MIM rose 6 cents to A$3.22.

Speculative Diamond issue Magnet Metals was actively traded on rumours that Magnet had discovered diamonds in the Kimberleys and was holding talks on possible investment in the find by Exxon. The rumours however were denied by both Magnet and Exxon. At one stage, Magnet shares were up 3 cents to 45 cents, but a subsequent reaction left a net loss of 1 cent at 41 cents.

Hong Kong

Market was modestly higher, mainly reflecting Overseas support. Local investors remained hesitant ahead of major company results, due shortly, and on fears of a local interest rates rise next weekend. The Hang Seng index gained 3.20 to 538.21.

Hong Kong Wharf put on 25 cents to HK$34.75 and Sun Hung Kai Properties 15 cents to HK$8.40. Jardine Matheson rose 40 cents to HK$12.20 in a market of few sellers which exaggerated the effect of moderate purchases.

Hong Kong Land added 5 cents at HK$7.80, Hutchison Whampoa 10 cents at HK$4.175 and Swire Pacific "A" 5 cents at HK$8.25, but Associated Hotels lost 9 cents to HK$2.675.

Johannesburg

Gold shares turned easier in another quiet trade following lower Bullion indications, with London selling and a firmer Financial Rand (quoted at 76¾ U.S. cents) aiding the weak trend.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f France. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. ‖ New stock.

Indices

NEW YORK —DOW JONES

	Mar. 12	Mar. 9	Mar. 8	Mar. 7	Mar. 6	Mar. 5	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	844.68	842.86	844.85	834.29	826.88	827.86	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.46	84.64	84.78	84.76	84.60	84.47	90.88 (4/1/78)	84.09 (15/1/79)	—	—
Transport.	216.97	214.01	215.82	211.75	208.57	211.04	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	103.55	104.16	104.06	103.53	103.46	103.38	110.98 (3/1)	97.75 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's†	25,740	33,530	32,050	28,880	24,530	25,590	—	—	—	—

◆ Day's high 846.35 low 833.85

	Mar. 9	Mar. 2	Feb. 23	Year ago (approx)
Ind. div. yield %	5.87	6.04	5.95	6.14

STANDARD AND POORS

	Mar. 12	Mar. 9	Mar. 8	Mar. 7	Mar. 6	Mar. 5	1978-79 High	1978-79 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	111.11	110.88	110.65	109.67	109.01	109.26	118.71 (12/9)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	99.67	99.54	99.56	98.44	97.87	98.06	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Mar. 7	Feb. 28	Feb. 21	Year ago (approx)
Ind. div. yield %	5.17	5.28	5.07	5.56
Ind. P/E Ratio	8.93	8.73	9.01	8.46
Long Gov. Bond Yield	9.01	9.06	9.01	8.20

N.Y.S.E. ALL COMMON

Mar. 12	Mar. 9	Mar. 8	Mar. 7	1978-79 High	1978-79 Low
55.87	55.81	55.81	55.22	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Mar. 12	Mar. 9	Mar. 8
Issues Traded	1,848	1,874	1,883
Rises	686	772	1,034
Falls	732	681	439
Unchanged	430	421	390
New Highs	27	51	45
New Lows	9	13	12

MONTREAL

	Mar. 12	Mar. 9	Mar. 8	Mar. 7	1978-79 High	1978-79 Low
Industrial	238.71	259.28	258.65	237.19	239.71 (12/3/79)	162.90 (16/2)
Combined	240.64	240.46	240.32	238.64	240.64 (12/3/79)	178.92 (30/1)

	Mar. 12	Mar. 9	Mar. 8	Mar. 7	1978-79 High	1978-79 Low
TORONTO Composite	1404.7	1403.0	1402.8	1395.5	1404.7 (12/3/79)	998.2 (30/1)

JOHANNESBURG	Mar. 12	Mar. 9	Mar. 8	Mar. 7	1978-79 High	1978-79 Low
Gold	251.8	247.6	—	249.4	290.7 (7/2/78)	186.9 (20/4)
Industrial	298.7	297.7	—	296.4	309.9 (15/2/79)	194.9 (13/3)

	Mar. 13	Previous	1978-9 High	1978-9 Low
Australia (¶)	591.67	589.76	590.14 (2/3/79)	411.16 (1/3)
Belgium (‖)	105.26	105.24	105.82 (23/2/79)	90.43 (23/6)
Denmark (**)	93.24	93.38	98.96 (14/6)	88.08 (30/10)
France (††)	(u)	(u)	83.0 (4/10)	47.6 (3/2)
Germany (‡‡)	795.1	798.7	863.8 (19/10)	759.4 (17/6)
Holland (§§)	77.0	77.4	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	538.21	535.01	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	77.45	77.45	82.26 (25/9)	55.45 (10/1)
Japan (a)	448.89	448.51	462.97 (31/1/79)	364.04 (4/1)
Singapore (b)	356.05	358.32	414.60 (2/9)	262.0 (9/1)

	Mar. 13	Previous	1978-9 High	1978-9 Low
Spain (d)	109.15	(c)	111.86 (8/3/79)	93.03 (12/1/79)
Sweden (e)	374.30	376.82	408.00 (4/8)	325.74 (3/1)
Switzerld (f)	311.7	311.7	325.7 (14/2)	281.6 (26/8)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Sears Roebuck	866,100	20⅞	+⅛
Texas Intl.	479,200	11⅞	+1⅛
Caesars World	431,800	57⅞	+1⅛
Transamerica	369,000	17⅞	+⅝
H. Johnson	311,600	12½	+⅛
Del E. Webb	272,900	23⅝	+1⅛
Amer. Express	244,200	29½	−⅛
Eastman Kodak	233,300	61⅞	+⅞
Citicorp	228,200	23⅛	—
Philip Morris	225,900	64½	−⅛

GERMANY ◆

TOKYO ¶

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

AMSTERDAM

COPENHAGEN ♣

VIENNA

SWITZERLAND ♦

MILAN

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Financial Rand U.S.$0.76¾ (Discount of 35.3%)

PARIS

BRAZIL

Source: Rio de Janeiro SE.

SPAIN ♥

EUROPEAN OPTIONS EXCHANGE

Series			April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN	C	F.344,20	1	11	—	—	—	—	F.363
ABN	C	F.354,20	2	4.50	—	—	—	—	"
ABN	C	F.364,20	—	—	3	4	—	—	"
AKZ	C	F.25	—	—	2	5	—	—	F.28.10
AKZ	C	F.27.50	25	1.70	—	—	—	—	"
AKZ	C	F.30	35	0.70	66	1.90	11	2.60	"
AKZ	C	F.32.50	7	0.20	104	1	21	1.50	"
AKZ	C	F.35	15	0.10	—	—	—	—	"
AKZ	P	F.30	30	1.80	—	—	—	—	"
ARB	C	F.78.90	7	0.20	—	—	—	—	F.75.90
EK	C	$60	—	—	3	5⅛	—	—	$62
IBM	C	$280	1	34¼	1	38½	—	—	$309¾
IBM	C	$300	7	17	15	24¾	—	—	"
IBM	C	$320	12	5	—	—	—	—	"
KLM	C	F.100	24	3.50	11	6.90	51	8.40	F.101
KLM	C	F.110	—	—	9	2.50	41	4.30	"
KLM	C	F.120	—	—	12	1.10	59	2	"
KLM	C	F.140	25	0.10	9	0.30	—	—	"
KLM	C	F.150	25	0.10	—	—	—	—	"
KLM	P	F.100	4	3.60	8	6	—	—	"
KLM	P	F.110	6	10.90	3	11.90	—	—	"
PHI	C	F.22,50	106	1	70	1.10	20	1.50	F.23
PHI	C	F.25	30	0.20	14	0.50	15	1	"
PHI	P	F.22.50	—	—	10	0.60	—	—	"
PHI	P	F.25	—	—	10	2.30	25	2.40	"
PRD	C	$45	—	—	5	5	—	—	$41⅛
RD	C	F.120	30	13.90	2	14	—	—	F.133,80
RD	C	F.130	16	4.40	40	5.30	55	5.50	"
RD	C	F.135	46	1.50	47	2	—	—	"
RD	C	F.140	27	0.40	—	—	—	—	"
RD	P	F.130	25	0.70	5	3.80	12	5.50	"
S	C	$20	2	¾	—	—	—	—	$20⅞
UNI	C	F.120	1	3.40	—	—	—	—	F.124.10
			May		August		Nov.		
BA	C	$70	6	4	—	—	—	—	$67½
BA	C	$80	3	1	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 1275
C—Call P—Put

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Banks Ltd.	13 %
Amro Bank	13 %
American Express Bk.	13 %
A P Bank Ltd.	13 %
Henry Ansbacher	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	13 %
Bank of Credit & Cmce.	13 %
Bank of Cyprus	13 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½ %
Barclays Bank	13 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13½ %
Choulartons	13 %
C. E. Coates	13 %
Consolidated Credits	13½ %
Co-operative Bank	*13 %
Corinthian Securities	13 %
Credit Lyonnais	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
English Transcont.	13½ %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13 %
Greyhound Guaranty	13½ %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Julian S. Hodge	14 %
Hongkong & Shanghai	13 %
Industrial Bk. of Scot.	13½ %
Keyser Ullmann	13 %
Knowsley & Co. Ltd.	14½ %
Lloyds Bank	13 %
London Mercantile	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Rossminster	13 %
Royal Bk. Canada Tst.	13½ %
Schlesinger Limited	13 %
E. S. Schwab	14 %
Security Trust Co. Ltd.	14 %
Shenley Trust	15 %
Standard Chartered	13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
Twentieth Century Bk.	14 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½ %
Williams & Glyn's	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½%, up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

Russia lifts timber prices again

By a Correspondent

HE SECOND schedule of viet softwood for shipment to e UK in 1979 was circulated timber importers yesterday. Prices show an average crease of around 7 per cent the first schedule which was ued on January 13 but it is timed that at the new level ey are reflecting the move nt of world softwood prices. The nominal quantity offered 100,000 cubic metres, but it is ought that availability is obably up to a maximum of ice this. Importers have until xt Monday to make applica n.

The datum point for the rency clause has been raised m SKr 8.70 to the pound rling to SKr 8.90 reflecting strength of sterling in the erim period.

With about 1.2m cubic metres d against the first schedule, Russians would be happy to this schedule go well and complete their sales to the for this year.

he prices, however, are at top end of expectations and ers may need a little more ience this time as there is ikely to be the rush to buy t followed the first schedule.

Sydney futures trader suspended

SYDNEY — The Sydney ures Exchange Board has ended Booth Newman Pty membership of the hange for the maximum wable period of three ths, an Exchange spokes said, reports Reuter.

his follows Booth Newman's aration last month that it unable to meet its commit ts.

e Exchange Board resolved present futures contracts by clients of Booth New should be transferred to r "floor" members of the ange.

e Board will make a ion on the future of Booth man at the end of the ension period, the spokes added.

lustry sources said Booth nan's failure followed a r client's inability to meet in calls by the Inter nal Commodity Clearing e on wool futures contracts.

Danish Minister rejects Callaghan's CAP attack

BY CHRISTOPHER PARKES

THE CLAIMS of Mr. James Callaghan, the Prime Minister, and Mr. John Silkin, Farm Minister, that Britain has become the agricultural paymaster of Europe were flatly rejected yesterday by Mr. Niels Anker Kofoed, Danish Minister for Agriculture.

The Common Agricultural Policy (CAP) was neither too costly, nor too clumsy nor was it unfair to the British, Mr. Kofoed said.

"I repudiate the claim that the UK is the greatest net contributor to the EEC budget," he told food traders in London for the International Food Exhibition at Olympia.

"Monetary Compensatory Amounts (MCAs) paid on imports into the UK should not be seen as subsidies to exporters but as subsidies to British consumers," he said.

"The UK wants the CAP changed because it is felt to be too expensive, too cumbersome and plain unfair to the British. This is simply not true."

He commented later that it would be "very dangerous" to attempt to change the farm policy in line with British ideas.

It would cost "a tremendous amount of money," he said. "I can see no possibility and no meaning at all in changing the principles of the CAP.

"I think the CAP is working well, assuring the availability of supplies at reasonable prices and a fair standard of living for the agricultural community."

The policy cost less than 2 per cent of the total national budgets in the Community and about £25 per head of population in Britain.

Mr. Kofoed agreed, however, with the British demands for a freeze on common farm prices this year.

"Prices should not be increased, especially not for those products where over-production is large and permanent," he said.

Fooo prices had not increased more than prices for other products and the benefits of productivity had been passed on to consumers.

Surpluses were not as bad as some suggested. The butter stockpile amounted to no more than 1½ months' supply, for example. "Is that a big mountain?" he asked.

Mr. Kofoed had dinner with Mr. Silkin last night and will be seeing him again today. "I don't think it is good that we should always confront one another," he said.

At the same time, however, he warned that he was not "flexible" on the issue of changes in MCA subsidies paid on Danish bacon and ham sold in Britain.

Mr. Silkin had been trying to have these reduced since 1976. At present they are worth some £240 a tonne on bacon. "I know Mr. Silkin is a reasonable man and I know he will understand," Mr. Kofoed said.

In any case, he added, changes in the calculation of MCAs would not help UK bacon producers. He did not want to be unkind, but perhaps some of their difficulties might be eased by modernisation of outdated curing plant, Mr. Kofoed commented.

U.S. increases boost lead

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES rose to new all-time highs on the London Metal Exchange yesterday.

Cash lead gained £6 to £605 a tonne, while the three months quotation jumped by £11.25 to £556.75.

The rise followed the sharp uptrend in copper and news of further U.S. lead producers putting up their domestic prices. Asarco and St. Joe Lead, two of the biggest U.S. lead producers, raised their domestic price by four cents to 48 cents a pound—one cent more than the three cents rise announced by other producers.

But RSR Corporation, which had led the move to 47 cents, quickly added another cent rise to its new price, coming into line at 48 cents.

There are some doubts as to whether U.S. lead producers are in breach of the guidelines laid down by President Carter's Wage and Price Stability Council.

Copper producers successfully argued their prices were too closely linked with the international free market to be subject to domestic constraints, which perhaps explains why the producers are being so quick to vary their quoted prices in line with free market movements.

But the Price Stability Council ruled that lead and zinc are expected to comply with the anti-inflation guidelines.

Lead producers can argue, however, that they need to be competitive with the rest of the world to be able to purchase concentrates for refining into lead.

Meanwhile copper and silver prices rallied sharply yesterday, recovering a large proportion of the losses suffered on Monday. Copper cash wirebars closed £24.5 up at £962 a tonne.

China copper sale denied

U.S. copper producer Asarco denied yesterday that it had recently sold copper to China.

A spokesman in New York said that a report by the Bureau of Mines was erroneous. He added that a merchanting company, Gerald Metals, had subsequently claimed it had made the sale referred to by the Bureau.

He admitted, however, that the copper shipped to China could have come from the company's Tacoma smelter. Tacoma brands were generally available for sale, including from Exchange warehouses.

The Bureau of Mines in the February issue of its Minerals and Metals survey said Asarco had shipped refined copper to China worth an estimated $6.6m and this was the first shipment of copper from the U.S. to China in three decades.

It added the China sale was probably the biggest order ever shipped out of the Tacoma smelter. But said that there still remained 47,000 short tons of copper stockpiled there.

Nickel price rise followed

By Our Commodities Editor

FALCONBRIDGE NICKEL confirmed yesterday it was increasing its nickel prices by around 10 per cent — in line with the rises announced by the Le Nickel group on Friday.

The cost of electrolytic nickel plating grades goes up from $2.10 to $2.30 a pound; melting grades rise by $2.05 to $2.25; and ferro-nickel from $2.025 to $2.24.

International Nickel of Canada, the traditional price leader, is still studying the situation, according to a spokesman in London yesterday.

UN Commodity Index rises

THE United Nations Conference on Trade and Development (Unctad) said yesterday its combined index for principal commodity exports of developing countries in dollar terms rose to 235 in January from 234 a month earlier and from 226 in January 1978.

However, in terms of special drawing rights (SDRs) of the International Monetary Fund (IMF) the combined index fell to 198 in January from a year earlier and was unchanged from December 1978.

A sharp drop in tropical beverage exports resulted in a lower index for the food and tropical beverages group—the only declining group. Its index fell to 229 in January, down from 234 in December 1978 and from 253 in January 1978.

The index for vegetable oilseeds and oils rose to 303 in January from 286 in the previous month and from 221 in January 1978.

The agricultural raw materials index was up at 255 from 251 a month earlier and from 214 a year earlier, while the index for minerals ores and metals rose to 209 from 204 in December and from 179 in January 1978.

All indexes are based 1972 equalling 100.

Wheat export fall forecast

WASHINGTON—U.S. wheat exports will range between 1bn and 1.05bn bushels in 1978-79, down from 1.124bn bushels last season, Mr. Michael Hill president of Great Plains Wheat, predicted here yesterday.

The Agriculture Department has estimated wheat exports at 1.15m bushels.

COMMODITY PRICE STABILISATION

Move towards exports earnings guarantees

BY GREG SMOSARSKI

THE REJECTION by EEC foreign ministers last week of West German proposals to include copper in the Community's Stabex scheme for guaranteeing export earnings of developing countries under the Lomé Convention is unlikely to be the last word on the subject.

The immediate objection to the German proposal was that it would cost too much. Although the Germans did not put forward a specific figure—knowing that such a move would probably frighten its partners—the general view was that the inclusion of copper would mean doubling the funds devoted to Stabex.

The consensus view among Germany's eight partners seemed to be that a separate fund should be set up for copper, in parallel with the present Stabex scheme. Also the precise nature of the new fund would have to depend on what emerged from the United Nations Conference on Trade and Development (Unctad) sponsored discussions in Geneva, which have once again referred copper to an expert group for technical discussions.

Despite this the eight appeared to accept that something would have to be done, or at least promised, in response to the developing countries' persistent demands at Lomé Convention negotiations for earnings stabilisation to be extended.

But there is also a more widespread move within Unctad to look at export earnings stabilisation schemes in view of the lack of progress in negotiating international commodity agreements to control prices.

According to Unctad sources, a fresh look at export earnings schemes will be taken at the forthcoming Manila conference, when developing countries will again press ahead with their demands for a larger share of the world economic "cake."

West Germany, one of the more "hardline" consumer countries, has already made it known it favours the idea of export earnings rather than prices being artificially stabilised.

The major advantage from the point of view of western industrialised countries is that stabilising export earnings does not interefere with the free market mechanism in balancing supply and demand.

This will in the long run also make the schemes much more palatable to U.S. industry, although for the time being official U.S. policy is still firmly behind negotiating international commodity agreements.

However, its has been argued that even if the Nairobi meeting successfully negotiates a Common Commodity buffer stock fund and was able to hold commodity prices within the agreed bands, there would still be a need for export earnings stabilisation.

There are already two export earnings stabilisation schemes in operation—Stabex and the IMF's compensatory finance facility—which could provide some experience on which to base any new scheme.

The main criticism of the Stabex scheme is that it is too small with too limited an amount of money—375m units of account over five years—and too many conditions before the loan can be made.

The commodity in question must account for at least 7.5 per cent of the country's export earnings, and the shortfall must be at least 7.5 per cent of the moving average reference level for that year.

In contrast the IMF scheme concentrates on the overall export trade. It bases its decision of whether to lend money on a "balance of payments need" (ie, a deficit), the size of the loan, the size of the shortfall relative to the moving reference level and the individual country's position in respect of its quota for drawings.

Much of the scheme's usefulness can depend on such details as how the reference level is calculated. For Stabex it is based on the preceding four years' performance, while the IMF uses a five-year moving average centred on the year for which compensation is being calculated.

Clearly the EEC method is going to produce a greater notional shortfall during a period of falling prices, while the IMF formula will offer more compensation during the rising-market phase.

There is also discussion about whether it is better to have a scheme which deals with each commodity separately, as Stabex does, or with the total of exports, as the IMF does.

But there is one even greater obstacle in the way of this possible alternative to commodity agreements. The pledges of goodwill and aid, made under the arc lights of a late-night discussion in Manila, could fade in the following months. It has already happened at least once, since Nairobi.

UK livestock farmers expand herds

ALMOST ALL sectors of the British farming industry expanded last year, according to the latest census figures from the Ministry of Agriculture.

The decline in the specialist beef herd continued but the national dairy herd increased by 53,000 head (+1.9 per cent), writes our commodities staff.

Breeding pigs rose by 44,000 (+6.3 per cent) during the year. There were 3.5 per cent more breeding ewes and female lambs retained for breeding rose 10 per cent.

The acreage of wheat sown last autumn was 120,000 hectares up, at 1.28m hectares. The Ministry estimates that by June the total area under wheat, barley and oats will be 3.212m hectares, 1.2 per cent higher than the corresponding forecast made a year ago.

Compared with December, 1977, the egg-laying flock was up nearly 1m (2.5 per cent). The total of broiler chickens and other table birds increased by 2m or 5.3 per cent.

Last year's production of silage for winter feeding was estimated at 15.4m tonnes compared with 13.5m in 1977 and 10.7m in 1976.

The total of regular full-time workers rose over the year by 2,000 or 1.1 per cent. The number of male workers was little changed while the female workforce rose by some 1,400.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange. Forward metal rose from £961 to £970 on the early pre-market following buying prompted by Commission House recommendation. However, this level attracted profit-taking and hedge selling and the price eased back to £963.5 in the morning rings. In the afternoon values moved ahead steadily with forward metal rising to £980 before closing on the late kerb at £977.5 following news of a strike at Toquepala, a force majeure declaration by Southern Peru Copper and reports—later denied—that Asarco is to sell copper to China. Turnover 34,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	947-8	—11.5	961.5-2.5	+24.5
3 months	964.5-5	—10.5	979-.5	+24
Settlement	948	—12	—	......
Cathodes				
Cash	945-4	—9	957.5-8.5	+25
3 months	958-60	—8.5	974-5	+25
Settlement	944	—9	—	......
U.S. Prod.	—	......	*88-95	

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £965, 64.5, 64, 64.5, 64, 63.5, 64, 64.5. Kerb: Wirebars, three months £965, 65.5, 66, 66.5, 66, 67. Afternoon: Wirebars, late May £976, three months £977, 76.5, 76, 77, 78, 80, 79, 80, 79.5, 79, 80, 81, 82, 80, 79, 78.5, 79.5. Cathodes, three months £974. Kerbs: Wirebars, three months £980, 81, 82, 81, 80.5, 80, 81, 80.5, 80, 81, 82, 81, 80, 79.5, 79, 78.5, 78, 77, 76, 77, 78.

TIN—Marginally firmer in quiet trading. Forward metal opened on a steady note with the downturn at Penang offset by the strength of other metals. The price edged up to £7,230 but then met small selling which pushed it down to around £7,200. In the afternoon a fresh rise in copper and lower sterling against the dollar saw forward metal move up to close at £7,230 on the late Kerb. Turnover: 995 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7330-5	—32.5	7330-40	+35
3 months	7220-40	—10	7250-60	+35
Settlem't	7335	—35	—	......
Standard				
Cash	7325-35	......	7330-40	+35
3 months	7215-20	—10	7225-30	+22.5
Settlem't	7335	—5	—	......
Straits. E.	‡$1935	—13	—	......
New York	—			

Morning: Standard, cash £7,330, three months £7,215, 20, 15, 10, 15. High Grade, cash £7,335. Kerb: Standard, three months £7,220. Afternoon: Standard, three months £7,230, 25, 30. Kerb: Standard, three months £7,225, 30, 35, 40.

LEAD—Moved ahead strongly following renewed speculative buying, U.S. producer price rises overnight and the firmness of the copper market. Forward metal rose to the day's high of £560 in the morning but eased to around £554 on the downturn in copper. In the afternoon a rally in the latter prompted renewed buying interest in lead which moved up again to close at £558 on the late Kerb. The backwardation narrowed slightly following rumours of imports of U.S. metal. Turnover: 3,900 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	605-6	—5	604-6	+6
3 months	564-5	+2	556.5-7	+11.2
Sett'ment	606	—5	—	......
U.S. Spot	—	......	*44	—49

Morning: Cash £606, three months £558, 57, 56, 55.5, 55. Kerb: Three months £555, 54, 53, 54, 55. Afternoon: Cash £604, three months £560, 59, 58, 57. Kerb: Three months £557, 56, 57, 57.5, 57, 56.

ZINC—Steady despite the firmness of other metals. Forward metal opened at £386 and edged up to close on the late Kerb at £390 but trading was quiet. Turnover: 3,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	374-5	—2.25	376-7	+3
3 months	386-7	—2.25	388-.5	+1.75
S'ment	375	—2	—	......
Prim.west	—	......	*37.5	......

Morning: Three months £387, 87.5, 87, 88, 88.5, 87. Kerb: Three months £387. Afternoon: Three months £387.5, 88, 88.5. Kerb: Three months £389, 90.

ALUMINIUM—Higher in line with copper. Forward metal rose steadily from £730 on the early pre-market to close at £735 on the late Kerb. Turnover: 2,100 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	731-3	—5	734.5-5	+5.75
3 months	731-2	—5	735-.5	+6.75

Morning: Three months £730, 31. Afternoon: Cash £735, three months £734, 35. Kerb: Three months £735.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 7.55p an ounce lower for spot delivery in the London bullion market yesterday at 348.35p. U.S. cent equivalents of the fixing levels were: spot 712.8c, down 13.8c; three-month 728.9c, down 12.4c; six-month 744.8c, down 13.1c; and 12-month 774.0c, down 14.6c. The metal opened at 349¾-351¾p (713-717c) and closed at 348¾-351¾p (714-718c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	348.35p	—7.55	352p	+4.85
3 months	356.85p	—7.85	360.3p	+4.45
6 months	365.55p	—7.65	—	......
12 months	381.55p	—8.65	—	......

LME—Turnover 213 (516) lots of 10,000 ozs. Morning: Three months 356.5, 56, 6.2, 56, 6.1, 55.7. Kerbs: Three months 356. Afternoon: Three months 358, 58.3, 58.5, 58.4, 60, 60.4. Kerbs: Three months 360.7, 61, 61.5, 62, 61.8, 61.5, 62, 61.5, 61, 59.8, 59.5, 59.8.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 25 tonnes, bringing the total for the week so far to 623 tonnes. After substantial buying earlier in the week, traders were not keen to increase their purchases. Not more than scattered demand was mentioned, chiefly in Central and South American qualities.

COCOA

Cocoa futures remained steady throughout a featureless day to close unchanged from last night's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1716.0-19.0	—1.5	1725.0-1714
May	1750.0-52.0	+1.5	1759.0-1740
July	1747.5-49.0	—1.25	1756.0-1745
Sept	1756.0-57.0	—6.5	1770.0-1757
Dec	1810.5-11.0	—3.75	1823.0-1810
March	1840.0-45.0	—5.0	1846.0-1840
May	1856.0-63.0	—5.0	—

Sales: 1,620 (1,723) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound). Daily price March 12, 158.53 (158.30). Indicator prices March 13, 15-day average 159.47 (159.75): 22-day average 159.82 (same).

COFFEE

After opening unchanged to slightly higher as forecast London coffee futures failed to break through the recent price range as trade buying was well matched by Commission House resistance, reported Drexel Burnham Lambert. The afternoon was disappointing with minimal activity but values held steady to finish £8 to £12.5 on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1463-1465	+12.5	1463-1451
May	1465-1467	+5.5	1470-1458
July	1461-1470	—4.5	1475-1481
September	1468-1470	+1.5	1477-1405
November	1466-1468	+2.5	1473-1465
January	1452-1455	—2.0	1463-1456
March	1435-1439	—8.0	1450-1441

Sales: 4,292 (3,283) lots of 5 tonnes. ICO Indicator prices for March 12 (U.S. cents per pound): Colombian Mild Arabicas 137.00 (same); unwashed Arabicas 136.00 (same). Robustas ICA 1968 135.50 (same); Robustas ICA 1976 135.00 (same): other Mild Arabicas 131.67 (132.17). Composite daily average 128.68 (128.40).

GRAINS

LONDON FUTURES (GAFTA)—Old crops opened on a weak note 15p down on wheat and 10p down on barley. Strong shipper selling pushed values down another 25p before good trade buying and short-covering steadied the market. Values rallied from here, gathering impetus in the later stages of the afternoon session with continued trade buying. Values thus closed 15p-25p up on wheat and 5p-25p up on barley. New crops also finished on a firm note 10p-30p up, having opened 15p down in sympathy with old crops, reports Acli.

WHEAT M'nth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	96.25	+0.25	93.30	+0.25
May	98.60	+0.15	94.90	+0.05
Sept.	92.30	+0.20	85.75	+0.30
Nov.	95.35	+0.20	89.00	+0.25
Jan.	99.05	+0.10	92.65	+0.10

Business done—Wheat: March 95.95-95.75, May 98.60-98.10, Sept. 92.25-91.80, Nov. 95.25-95.05, Jan. 98.95-98.65. Sales: 265. Barley: March 92.95-92.55, May 94.85-94.50, Sept. 85.75-85.40, Nov. 89.00-88.80, Jan. 92.45-92.40. Sales: 228.

HGCA—Location ex-farm spot prices. Other milling wheat: Berks and Oxon 100.60. Feed barley: Berks and Oxon 92.40.

The UK monetary coefficient for the week begining March 19 (based on HGCA calculations) is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent mid-April/mid-May 83.50, May 83, June 81.50 transhipment East Coast. U.S. Hard Winter 13½ per cent March 88.50 transhipment East Coast. EEC unquoted. Maize: U.S./French March 109.50, April 110.50 transhipment East Coast. South African White unquoted. South African Yellow April 71.50. Barley: English Feed fob April-June 98.00 East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for March 14 in order of current levy plus April, May and June premiums (with previous in brackets) all in units of account per tonne. Common wheat: 84.31, nil, nil, 4.41 (84.31, nil, nil, 5.63). Durum wheat: 131.52, 0.82, 0.82, 0.92 (131.52, 0.82, 0.82, 0.92). Rye: 86.61, 0.46, 0.46, 0.46 (86.61, 0.61, 0.61, 0.61). Barley: 90.58, rest nil (91.22, rest nil). Oats: 86.91, rest nil (86.91, rest nil). Maize (other than hybrid for seeding) 78.82, 0.46, 0.46, 0.46 (79.43, rest nil). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 79.81, rest nil (79.81, rest nil). Grain sorghum: 82.85, 3.04, 3.04, 3.04 (82.85, 3.04, 3.04, 3.04). Flour levies: Wheat or mixed wheat and rye flour: 129.82 (129.82) Rye flour: 133.67 (133.03).

MARK LANE—The market was quiet, lacking inspiration. Nominal values: Milling Wheat delivered London: April/May/June 103.50. Feed Wheat delivered East Anglia: April/May/June 101.00. Feed Barley delivered East Anglia: April/May/June 98.00.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Fair interest throughout the day, closing uncertain at the higher level. Lewis and Peat reported the Malaysian godown price was 249½ (249) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
April	58.50-58.70	57.00-57.10	58.40
May	59.45-59.60	57.90-57.95	58.95
Apr-Jne	59.40-59.60	57.90-57.95	58.20-59.00
Jy-Sept.	62.15-62.20	60.90-60.95	62.50-61.55
Oct-Dec	64.10-64.15	62.90-62.95	64.45-63.00
Jan-Mar	66.10-66.15	64.95-65.00	66.50-65.20
Apr-Jne	68.10-68.15	67.00-67.15	—
Jy-Sept.	70.10-70.20	69.05-69.10	70.15
Oct-Dec	72.15-72.20	71.10-71.15	72.25-72.10

Sales: 288 (506) lots of 15 tonnes and 6 (5) at 5 tonnes.

Physical closing prices (buyers) were: Spot 57.75p (56.5); April 59.75p (58.75); May 60.25p (59.25).

SOYABEAN MEAL

The London market opened slightly easier and drifted further on trade selling during the morning Session reported T. G. Roddick. During the afternoon prices steadied. A firmer undertone was evident and the market closed with losses of 50p to 10p.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
April	124.00-24.5	—0.2	124.50-123.50
June	125.30-25.4	—0.2	125.50-124.50
August	126.90-27.0	—0.1	127.20-126.40
October	126.80-27.0	—0.05	—
December	125.80-26.5	—0.55	126.50-126.00
February	126.00-27.5	—0.6	
April	127.00-29.0	......	—

Sales: 86 (104) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (same) a tonne cif for March-April shipment. White sugar daily price was fixed at £102.00 (£104.00).

Opening trades were slightly below kerb levels but the volume of business was very light. Scattered trade short-covering developed which exposed a lack of selling interest and prices quickly gained some 100 points. Later, the recovery was assisted by improving New York quotations and the market closed steady at the high points of the day, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	108.60-08.65	107.15-07.20	08.65-07.00
Aug.	112.50-12.60	111.00-11.10	12.60-10.60
Oct.	115.60-15.60	113.75-13.80	15.60-13.60
Dec.	118.30-18.40	116.65-16.75	18.40-16.75
March	122.60-22.90	121.10-21.25	22.85-21.00
May	125.10-25.20	123.55-23.50	25.10-23.25
Aug.	127.85-28.00	126.10-26.50	27.00

Sales: 2,370 (1,679) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £170.00 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for March 12, Daily 8.47 (8.55); 15-day average 8.56 (8.55).

WHITE SUGAR—Close (in order buyer, seller, business, sales). April 102.00, 102.50, 102.30-101.00, 68; July 107.30, 107.75, 107.50-107.25, 35; Sept. 113.25, 114.00, 113.25-112.50, 32; Nov. 117.75, 118.00, 118.00-116.50, 28; Feb. 125.50, 126.00, nil, nil; April 130.50, 131.00, 130.50, 12; July 134.50, 136.00, nil, nil. Sales: 175.

MEAT/VEGETABLES

MEAT COMMISSION — Average fatstock prices at representative markets on March 13. G.B. cattle 72.08p per kg.l.w. (+0.02). U.K. sheep 151.2p per kg.est d.c.w. (—0.8). G.B. pigs 60.7p per kg.l.w. (+0.1). England and Wales: Cattle numbers up 23.8 per cent, average price 71.97p (+0.02). Sheep numbers down 8.2 per cent, average price 152.2p (—0.2). Pig numbers down 8.9 per cent, average price 60.8p (+0.3). Scotland: Cattle numbers up 2.9 per cent, average price 72.4p (+0.08). Sheep numbers up 11.3 per cent, average price 135.2p (—5.1). Pig numbers up 36.2 per cent, average price 61.0p (—2.5).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0 to 59.0, Eire hindquarters 65.0 to 68.0, forequarters 40.0 to 43.0.

Veal: English fats 62.0 to 78.0; Dutch hinds and ends 86.0 to 96.0.

Lamb: English small 58.0 to 64.0, medium 59.0 to 62.0, heavy 50.0 to 60.0; Scotch medium 56.0 to 62.0, heavy 50.0 to 60.0; Imported frozen—NZ PL New Season 48.0 to 49.0, PM New Season 48.0 to 49.0.

Pork: English, under 100 lbs 36.5 to 45.0, English 100-120 lbs 36.0 to 43.5, English 120-160 lbs 35.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—Spania: Navels 3.30-4.00, Bloods 3.30-3.60; Israeli: Shamouti 4.40-5.40; Cyprus: 3.30-4.30; Moroccan: Hamlins 3.80. Ortaniques — Jamaican: 46/126 6.30-8.50. Wilkings—Spania: 4.00-4.50. Lemons — Italian: 120's 4.40-4.50; Cyprus: Trays 3.00-3.60, cartons 126/180's 4.00-6.00; Spania: Trays 30/40/45 1.80-1.90; Jaffa 125 4.90. Grapefruit—Cyprus: 2.50-3.80; Israeli: Jaffa 27/88 3.45-4.25. Apples—French: Golden Delicious (40 lbs) 138/175's 3.30-4.50, (20 lbs) 72's 2.10-2.20, 84's 1.70-1.90; Granny Smith (40 lbs) 138/163 4.50-6.00, (20 lbs) 72's 2.90-3.00, 84's 2.40-2.50 (jumble pack) per pound 0.08-0.10, Stark Crimson (40 lbs) 138/198's 4.00-5.60, (20 lbs) 84's 1.80-2.20, 72's 2.40-2.50, (jumble pack) per pound 0.07-0.08; Starking Delicious (40 lbs) 150/175's 3.60-5.00; Hungarian: Starking Delicious 40 lbs 5.20; South African: Dunn's c/s 40 lbs 7.50. Pears—Per pound, Italian: Passacrassane 0.13; South African: Williams Bon Chretien 6.00, Beurre Bosc 5.00, Beurre Hardy 6.30. Bananas—Jamaican: Per 26 lbs 4.50-4.60. Pineapples—South African: 10/11's 4.00-4.40; Ivory Coast: each 0.50-0.90. Grapes—South African: Cartons: Ben Hannah 5.80, Alphonse 5.80, Waltham Cross 4.80. Strawberries—Per 8 oz Israeli: 0.50-0.55; Spanish: 0.45-0.50. Avocados—Israeli: 3.80-4.40. Melons—Chilean: White 15 kg 7.00; Peruvian: Green 12/15 10.00; South African: 25-kg boxes white 7.00, small boxes 3.50; Columbian: Green 4.50, yellow 4.00. Onions—Spanish: 5.20-5.50; Dutch: 2.20; South African: 28 lbs 1.70-2.30. Tomatoes—Canary: 3.50-4.50. Cucumbers—Canary: 10/16's 1.80-2.20; Dutch: 12/16's 3.30-3.50. Cauliflowers—French: 24's 9.50; Jersey: 9.00. Lettuce—Dutch: 24's 4.20. Celery—Spanish: 15/36's 4.50-5.00; Florida: 36's 6.25. Cabbages—Dutch: White, net 4.30-4.80. Potatoes—Italian: Boxes 9 kg 2.80; Canary: 25 kg 7.30-7.50. Capsicums—Canary: 5 kg 5.20-5.50; Cuban: 4.50.

English produce: Potatoes—Per 25 kg 1.80-2.20. Lettuce—Per 12 round 1.80-2.00. Mushrooms—Per pound 0.55-0.60. Apples—Per pound Bramley 0.05-0.12; Cox's Orange Pippin 0.08-0.16; Spartan 0.06-0.10; Laxtons 0.05-0.07. Pears—Per pound Conference 0.10-0.15, Comice 0.18-0.22. Cabbages—Per net 4.00-4.50. Beetroot—Per 28 lbs 0.80-0.90. Carrots—Per 28 lbs 0.80-1.20. Onions—Per 28 lbs 1.20-2.40. Rhubarb—Per pound 0.15-0.19. Swedes—Per 28 lbs 0.80-0.90. Turnips—Per 28 lbs 0.60-0.80. Parsnips—Per 28 lbs 1.00-1.20. Sprouts—Per pound 0.15-0.20. Cucumbers—Tray 12/18's 3.00-3.60. Tomatoes—Per pound 0.45-0.55.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 13 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (es)	$1,465/75	—10	$1,330/50
Copper			
Cash w'bar.	£962	+24.5	£941
3 mth „	£979.25	+24.0	£957.75
Cash Cathode	£958	+25.0	£930
3 mth „	£974.5	+25.0	£945.5
Gold troy oz.	$240.125	+2.25	$241.375
Lead cash	£605	+6.0	£506.25
3 mth	£556.75	+11.25	£480.75
Nickel	£2320.69	....	£2,320.69
Freemkt c/lb	$2.12 2.20	+0.07	$1.78 1.92
Platin'm tr'y oz	£164.5	....	£164.5
Free mkt	£192.75	+4.05	£202.6
Quicksilver	$235/40	+2.5	$210/20
Silver troy oz	348.35p	—7.55	356.5p
3 months	356.85p	—7.65	367.6p
Tin cash	£7,335	+35.0	£7,145
3 mths	£7,227.5	+22.5	£7,105
Tungsten	$134.1		$134.14
Wolfrm 22.04 cif	$139/46	....	$119/24
Zinc cash	£376.5	+3	£395.5
3 months	£388.25	+1.75	£395.5
Producers	$800	....	$760
Oils			
Coconut (Phil)	$1,000r	....	$985
Groundnut	‡	....	‡
Linseed Crude	£408	....	£385
Palm Malayan	$655r	....	$684
Seeds			
Copra Philip	$580s	....	$695
Soyabean (U.S.)	$307v	—8.0	$300.5
Grains			
Barley Futures	£94.9	+0.05	£92.4
Maize			
French No 3 Am	£109.5	....	£109.7
Wheat			
No. 1 Red Spg.	‡	....	‡
No2 Hard Wint.	£88.5	+0.25	£90.75
Eng. Milling †	£103.5q*	....	£96.5
Other commodities			
Cocoa ship't	£1,779	—1.0	£1,767
Future May	£1,751	+1.5	£1,758.7
Coffee F't'r May	£1,466	+5.5	£1,302.5
Cotton 'A' Index	75.9c	—0.05	76.1c
Rubber kilo	57.75p	+1.25	60p
Sugar (Raw)	£103	....	£100
Wooltp's 64s kl	286p	....	269p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, March 13.

Cocoa—March 151.70 (150.75), May 153.45 (152.85), July 155.15, Sept. 156.90, Dec. 159.15, March 160.65, May 161.65. Sales 402.

Copper—March 87.20 (85.10), April 87.65 (85.85), May 88.40, July 88.80, Sept. 89.10, Dec. 89.60, Jan. 89.70, March 89.90, May 90.10, July 90.30, Sept. 90.50, Dec. 90.80, Jan. 90.90.

Potatoes (round whites)—Nov. 60.9-61.0 (61.5), March 68.2-69.0 (69.0), April nil, May 82.7-83.4. Sales 99.

CHICAGO, March 13.

Lard—Chicago loose 26.00 (same). New York prime steam 27.50 nom.

‡‡Maize—March 237¾-237½ (237¾), May 243-243¾ (244½), July 246-245¾, Sept. 248½-248¾, Dec. 253-253¾, March 261½.

Silver—March 718.0 nom. (712.0). April 720.5-721.0 (714.5), May 726.5, June 731.5-733.0, Aug. 741.5-742.0, Oct. 751.0, Dec. 760.5, Feb. 769.5, April 779.0, June 788.5, Aug. 798.5, Oct. 808.5, Dec. 818.5 nom., Feb. 828.5, April 838.5, June 848.5, Aug. 858.5, Oct. 868.5.

‡Soyabeans—March 727-728 (731¾), May 743½-741 (747¾), July 751½-750, Aug. 745-744½, Sept. 712, Nov. 769½-796½, Jan. 704, March 714½.

‖Soyabean Meal—March 191.00 (191.10), May 195.20-195.00 (196.40), July 197.80-198.50, Sept. 190.00, Oct. 192.00-192.30, Dec. 192.30-192.10, Jan. 192.50-193.00, March 196.00-197.00.

Soyabean Oil—March 26.45-26.40 (26.64), May 26.60-26.55 (26.80), July 26.70-26.65, Aug. 26.60, Sept. 25.95-25.90, Oct. 25.20, Dec. 24.85, Jan. 24.75-24.80, March 24.70, May 24.65-24.70.

‡Wheat—March 371½ (379¾), May 338½-338 (347), July 321¼, Sept. 325¼, Dec. 335¾, March 345.

WINNIPEG, March 13. ‖Rye—May 105.30 bid (105.90), July 103.40 asked (105.00), Oct. 104.50 asked, Dec. 104.00 asked.

§Barley—March 80.40 bid (81.10), 80.60 bid (80.90), July 80.40, Oct. 82.60, Dec. 82.50 bid.

§Oats—March 80.20 bid (80.70 bid), May 79.90 (80.20 bid), July 78.00, Oct. 81.00 asked, Dec. 80.50 asked.

§Flaxseed—May 335.00 bid (334.00 bid), July 328.70 (332.60 bid), Oct. 325.50, Nov. 320.10, Dec. 318.00 bid.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

Monday's closing prices

NEW YORK, March 12.

Cotton—No. 2: May 62.50-62.55 (63.26), July 64.35-64.50 (65.10), Oct. 64.70-64.85, Dec. 64.80-64.85, March 65.75, May 66.50-67.00, July 67.60-68.00. Sales 4,850.

Sugar—No. 11: May 8.60 (8.62-8.64), July 8.92 (8.94), Sept. 9.11, Oct. 9.23, Jan. 9.48, March 9.86, May 10.04, July 10.28.

Tin—715.00-745.00 nom. (713.00-735.00 nom.). Spot 715.00-745.00 asked (713.00-735.00).

CHICAGO, March 12.

Lard—Chicago loose 26.00 (25.50). New York prime steam not available (27.50 traded).

WINNIPEG, March 12. §Rye—May 105.90 (107.50), July 106.00 (106.00 asked), Oct. 104.90 bid, Dec. 104.30 bid.

§Barley—March 81.10 (81.50 bid), May 80.90 (81.00-81.10), July 80.60, Oct. 82.90 bid, Dec. 82.70 bid.

§Oats—March 80.70 bid (80.20 bid), May 80.20 bid (79.90), July 78.50, Oct. 81.90 bid, Dec. 81.00 asked.

§Flaxseed—May 340.00 bid (343.90 bid), July 332.60 bid (336.20), Oct. 326.60, Nov. 321.00 asked, Dec. 318.00.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 187.75 (188.55).

EUROPEAN MARKETS

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

ROTTERDAM, March 13.

U.S. No Two Dark Hard Winter wheat 13.5 per cent unquoted. U.S. Hard Winter wheat ordinary unquoted. U.S. No. Two Red Winter wheat June $146, July $142, Aug. $144. U.S. No. Two Northern Spring wheat 14 per cent April/mid May $155, May $153, June $150.

Maize—U.S. No Three Corn Yellow March $123.50, traded April $124, March $123.50, April $123.40, May $123, June $122, July/Sept. $122, Oct./Dec. $122.50. Rye—unquoted. Oats—U.S./Plate—April $99, March/April $107, rest unquoted. Sorghum: Argentina/U.S.—April $110, April/June $109, May/June $109.

Soyabeans: U.S. Two Yellow Gulfports March $301, April $302.75, May $302.50, June/July $304, Aug. $303, Sept. $301.50, Oct. $281, Nov. $280, Dec. $283.50, Jan. $286.50, Feb. $290.50, March $291.50. Brazil Yellow FAQ unquoted. Argentina March $294.50 paid May $293, June/July $294 sellers.

Soyameal: 44 per cent protein. U.S. AFL $233, March $233.50, April $234.50, April/Sept. $236.50, Nov./March $238, Brazil pellets AFL $239, March $239.50, April/May $241, April/Sept. $244, Nov./March $24+50.

PARIS, March 13.

Sugar—(FFr per 100 kilo). May 903/905, July 921/927, Aug. 943/947, Oct. 983/985, Nov. 975/982, Dec. 1015/1020, March 1052/1057, May 1072/1077. Sales at call four.

INDICES

FINANCIAL TIMES

Mar. 12	Mar. 9	M'nth ago	Year ago
270.45	273.67	265.22	236.75

(Base: July 1, 1952=100)

MOODY'S

Mar. 12	Mar. 9	M'nth ago	Year ago
1055.2	1067.5	1054.0	904.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 12	Mar. 9	Month ago	Year ago
Spot	379.89	381.25	381.32	360.46
F'tur's	385.02	386.24	381.42	345.56

(Average 1924-25-26=100)

REUTERS

Mar. 13	Mar. 12	M'nth ago	Year ago
1539.0	1542.1	1628.8	1391.2

(Base: September 18, 1931=100)

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 10.25%
†Address shown under Insurance and Property Bond Table

CORAL INDEX: Close 506-511

Markets react sharply on heavy profit-taking sales

30-share index falls 12.7 to 506.6—Gilts widely lower

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 26	Mar. 8	Mar. 9	Mar. 20
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18

* "New time" dealings may take place from 9.30 am two business days earlier.

A broad reaction in equity markets yesterday followed some fairly sizeable profit-taking after the boom conditions of the past week or so, the selling co-inciding with a lull in recent institutional buying. After appearing set for a recovery in the early business Gilt-edged also turned easier, particularly in the after-hours' trade.

Initial falls among leading industrials were insignificant but the downturn quickened as selling pressure increased and the institutions became reluctant to enter into new commitments. Around midday the market began to settle, however, and here and there rallies were attempted by both leading and secondary stocks.

A resumption of the downturn late in the afternoon aroused fresh concern and worried some Account bulls into closing their positions. This produced a fair amount of loose stock and made for rather sensitive trading conditions from about 3 pm into after-hours' business during which the ensuing falls were out of proportion to the volume of selling.

The outcome left most constituents of the FT 30-share index at the day's worst with some showing particularly large falls: the heavy-priced Beecham dropped 22 to 680p, while GKN and ICI ended around 12 down. After having been only 6.3 off at the 2 pm calculation, the index closed 12.7 lower at 506.6, thus losing some 17 per cent of its three-week gain of 73.2.

A mood of indecision also prevailed in the Gilt-edged sector. Selected longer maturities were soon ¼ better, but the market suddenly weakened with the emphasis on the 1994/5 area. Losses appeared here ranging to ½ but they were reduced to half that amount following the mildly encouraging banking sector eligible liabilities before quotations were lowered sharply again after the official close.

Defensive action was taken by dealers who began to see stock late and many high-coupon stocks settled some ½ below 4 pm levels. The shorts were less affected and from showing early losses extending to ¼ closed with nominal falls until easing late in sympathy with the longs.

A predominance of institutional sellers in the later trading sent rates for investment currency lower and the premium closed at the day's lowest with a fall of 2¼ points at 79¼ per cent. Yesterday's SE conversion factor was 0.7007 (0.7037).

Activity remained brisk in the Traded Option market and although the total number of contracts completed fell to 2,113 from the previous day's 3,118, it still bettered last week's daily average of 1,877. Cons. Goldfield, 361p, and Grand Metropolitan, 357, were especially lively.

Willis Faber down

A Press suggestion that **Hogg Robinson** and **Willis Faber** will merge in the near future brought a swift denial from the latter which left the former 3 easier at 143; **Willis Faber** encountered further nervous offerings ahead of next Tuesday's results and lost 11 for a two-day fall of 16 to 235p. **C. E. Heath** cheapened 8 to 246p, while **Britannic** gave up 6 to 182p; the latter's preliminary results are due today.

The major clearing banks succumbed to profit-taking and closed at the day's lowest levels with falls to 10p. Elsewhere, **Kleinwort Benson** rose 8 to 120p in response to the favourable results and **Hill Samuel Warrants** picked up 23 to 100p.

Dullness in the Brewery leaders mainly reflected the absence of fresh support. **Allied** gave up 3 to 91p and **Bass** ended similarly cheaper at 189p. **Gough Brothers**, a good market of late, reacted 6 to 78p; the preliminary results are due on Friday.

Johnson-Richards Tiles jumped 10 to 159p on the news that Norcros, 6 up at 95p, had gained control of the company; **Armitage Shanks** firmed 2 to 78p on the announcement that its proposed merger with JRT had lapsed. Subjected to small, scrappy selling for the most of the session, leading Building issues gave further ground in the late dealings. **Blue Circle** finished 6 cheaper at 290p. Recently firm **Cement Roadstone** eased 4 to 110p and the new nil paid shares came back 5 to 23p premium. Against the trend in Constructions, **Fairclough** firmed 4 to 76p in response to the satisfactory annual results and, in a thin market, **Robert M. Douglas** added 4 to 87p while **Wilson (Connolly)** improved 6 to 160p. In Paints, the appearance of a single buyer in a nominal market lifted **Craig and Rose** 100 to 810p.

The subject of a recent 385p per share cash offer from Merck Incorporated, since lapsed on a Monopolies Commission reference, **Alginate Industries** touched 348p before settling at 335p for a net gain of 25 on the news that talks are in progress with FMC Corporation which may lead to an offer for the company.

Among leading Chemicals, persistent offerings clipped 11 from ICI at 394p and 7 from Fisons at 323p.

MFI lower

store leaders ran into profit-taking and closed with falls ranging to 6. **W. H. Smith A** lost that much to 190p and **Burton A** relinquished 5 to 244p, while **Marks and Spencer** dipped 4 to 100p. A particularly firm market of late on persistent buying ahead of the reorganisation to be implemented in June, **MFI Furniture** fell 35 to 355p on profit-taking but **Home Charm** rose 8 to 354p, after 356p, as buyers became interested ahead of the annual results due next month. Improvements of 5 and 8 respectively were seen in **S. Casket**, 46p, and **James Beattie A**, 159p.

Profit-taking was evident in the Electrical sector, particularly in the latter part of the day. Selling following the annual meeting caused a sharp reaction of 18 to 280p in **United Scientific**. **Racal** came on offer at 430p, down 10. On the other hand, **Highland** firmed 4 to 64p and **H. Wigfall** 5 to 278. Among the leaders, **GEC** were briskly traded before closing 7 down at 376p.

Lack of fresh support and scattered profit-taking caused a reaction in the Engineering leaders. **GKN** were particularly vunerable and fell 12 to 263p, while falls of around 6 were recorded in **John Brown**, 476p, **Tubes** 388p, and **Hawker Siddeley**, 234p. **Vickers** gave up 5 to 185p. Secondary issues also encountered occasional profit-taking, but overall presented a mixed appearance. The warning on profit margins which acompanied the interim results prompted marked dullness in **Stothert and Pitt** which fell 13 to 210p, while the statement that the annual results are unlikely to match those of last year also caused dullness in **Ductile Steels**, 4 cheaper at 110p. **Moss Engineering** fell 4 to 84p on news that GEI had lapsed its offer for the company. Among the bright spots **Manganese Bronze** firmed 5 more to 68p and **Yarrow** were again supported at 365p, up 10, while **British Aluminium** continued to forge ahead with a further rise of ¾ at £10¾.

Late selling left Foods displaying fairly sizeable falls. None of the trading statements announced by three major concerns were particularly well received, having produced annual profits in line with market expectations. **United Biscuits** eased 5 to 80p on the chairman's warning about the implications of the road haulage dispute, while a slightly disappointing annual performance from **Brooke Bond** left the price 1¼ easier at 48¼p. A steady market following the annual profits statement, **J. Bibby** encountered late selling and closed 10 cheaper at 325p. In Supermarkets, recently firm **Associated Dairies** encountered profit-taking and shed 14 to 256p, while **J. Sainsbury** eased 6 to 292p and **Tesco** 2 to 64¼p. Against the trend, **Robertson** put on 7 to 153p on revived bid rumours.

Rank dip and rally

Miscellaneous Industrial leaders turned easier yesterday when profit-taking after the recent strong advance left double-figure falls in places. **Beecham** fell away to close 22 down at the day's lowest of 680p, while **Glaxo**, 550p, and **Unilever**, 630p, lost 10 apiece. **Boots** dipped 5 to 218p as did **Bowater**, to 201p, and **Pilkington**, to 345p. Already easier at 280p, **Rank Organisation** gave further ground on the chairman's profits warning at the annual general meeting to touch 270p before closing 6 easier on balance at 278p. The revelation that the group will forfeit £3m in revenue and profit this year as a result of the Price Commission's decision to freeze its industrial gas prices for a year prompted a fall of 3 to 73p in **BOC International**. Elsewhere, talk that Racal Electronics is about to place its 8.3 per cent shareholding in **Exel** left the latter with a fall of 5 to 153p, after 151p, while **BTR** gave up 6 to 383p in front of today's results. Despite the increased annual earnings, **Johnson Group Cleaners** softened a penny to 129p, after 127p. Still drawing strength from the sale of its two loss-making French subsidiaries, **Initial Services** firmed 6 more to 124p, while **Gomme** added 7 to 70p on revived bid hopes. **Prestige** were wanted at 190p, up 8, and **Pentos** gained 7 for a two-day gain of 19 to 149p on the results and capital proposals.

Up 2½ on Monday on the annual results, **Rolls-Royce** reacted 6½ to 93p on Press comment casting doubts on the company's future prospects. Elsewhere in quietly traded Motors, **Lex Service** eased 2½ to 92½ but, in a thin market, **Plaxtons** firmed 7 to 160p.

A strong market of late on North Sea oil prospects, **International Thomson** gave up 15 to 422p. In Paper/Printings, **Olives Paper Mills** gained 10 to 71p on persistent demand prompted by a Press mention, while **East Lancashire Paper** firmed 2 to 79p in response to the higher annual profits.

In Properties, hopes of lower interest rates failed to deter a fairly steady stream of small sellers which left the sector distinctly dull. In the leaders, **Land Securities** reacted 7 to 280p and **MEPC** eased 6 to 175p, while **British Land** gave up 3 to 60p. Against the trend, **Scottish Metropolitan** firmed 4 to 132p; the interim results are due on April 2.

Oils give ground

Quieter conditions prevailed in the Oil leaders where occasional profit-taking left its mark on quotations. An attempted rally in the leaders soon faltered and **British Petroleum** closed at the day's lowest with a fall of 10 at 1108p. **Shell** settled with a loss of 4 at 696p.

Up 8 the previous day on Press speculation that Gulf Fisheries, its largest shareholder, may make an outright bid, **Lonrho** softened 2 to 74p in reaction to the strong denial from the Kuwaiti concern.

Trusts began to look a little ragged after the recent broad advance. Among the occasional bright spots, **Camellia** firmed 5 more to 375p ahead of preliminary results due on Friday.

Shippings were no more than mixed, but **P. and O. Deferred** eased 1½ to 73½p, while **Lofs** cheapened a penny to 43½p following the announcement that the company has reached agreement with its bankers to defer two loan repayments.

Against the general trend, Textiles tended a few pence firmer where altered. Scattered demand lifted **Lister** 3 to 63p and **F. Miller** 2 to 57p.

Gains in mines

South African Financials held the stage in mining markets as persistent buying from Johannesburg preceded a spate of sharply higher profit and dividend announcements from General Mining, Anglo-Vaal and Anglo American Investment Trust.

New highs for 1978-79 were recorded by **Anglo-Vaal**, a half-point firmer at £11½ and **General Mining**, 5 better at 475p, after 480p, while **Anglo American Investment Trust** added ½ at £47½.

Other South African Financials to move ahead strongly included "**Amcoal**," which advanced 45 more to a high of 945p—a two-day gain of 135p—**UC Investments**, 7 up at 271p, and **Middle Wits**, 5 harder at 235p.

Gold shares, on the other hand, tended to drift in idle trading reflecting the uncertain trend in the bullion price, which closed $1.25 firmer at $240.125 per ounce.

The Gold Mines index lost ground for the first time in five trading days, giving up 0.4 to 170.0. The ex-premium index fell 0.8 to 119.1. **West Rand Consolidated** moved against the general trend, however, and advanced 21 to 174p following heavy Johannesburg buying interest.

London-registered issues were mixed. Vague rumours of a possible reorganisation of **Charter Consolidated** saw the shares improve 4 more to 171p and helped **Selection Trust** put on a similar amount to 544p, but a downturn in equity markets prompted profit-taking in **Rio Tinto-Zinc**, 8 cheaper at 305p.

Activity in Australians was on a much smaller scale than of late, but the market generally held steady. Reported American buying lifted **Pancontinental** ½ more to £10, while **Conzinc Rio Tinto** added 6 to 304p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12
Mar. 20	Apr. 2	Jne. 14	Jne. 26

For rate indications see end of Share Information Service

Stocks to attract money for the call included **ICI**, **James Finlay**, **Premier Consolidated**, **Boots**, **Status Discount**, **Pentos**, **Wm. Press**, **Grand Metropolitan**, **MFI Furniture**, **Norcros**, **Hawtin**, **Ultramar**, **Sears**, **Lonrho**, **Keyser Ullmann**, **Cosalt**, **Burmah Oil**, **United Dominions Trust**, **Harris Lebus**, **Kitchen Queen**, **P. and O. Deferred**, **Comfort Hotels**, **Racal**, **MEPC**, **Marks and Spencer**, **Lesney** and **Automated Security**. **Shell Transport** and **Brentnall Beard** were dealt in for the put, while double options were arranged in **Hunting Petroleum**, **MFI Furniture**, **Burmah Oil**, **Sears** and **Hawtin**.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	1000	146	26	152	2	166	—	1110p
BP	1050	66	4	114	18	132	—	"
BP	1100	30	11	82	14	98	—	"
Com. Union	140	28	1	31	—	33	—	167p
Com. Union	160	9	25	14	20	19	—	"
Com. Union	180	3	57	6½	77	12	—	"
Cons Gold	160	58	—	60	10	—	—	210p
Cons Gold	180	38	—	40	—	45	9	"
Cons Gold	200	17	107	27	2	33	—	"
Cons Gold	220	5½	98	17	92	20	43	"
Courtaulds	100	15	5	17	—	18½	—	115p
Courtaulds	110	7	30	9½	—	12	1	"
Courtaulds	120	2½	—	5	9	8½	—	"
GEC	330	53	43	68	—	79	—	377p
GEC	360	25	49	47	5	57	—	"
GEC	390	10	53	28	45	40	1	"
Grand Met.	110	32	1	36	—	38	—	141p
Grand Met.	120	22	9	26	15	28	—	"
Grand Met.	130	12½	43	19½	39	23	..	"
Grand Met.	140	7	14	15½	98	18	80	"
Grand Met.	160	1	58	4½	—	7½	..	"
ICI	330	73	15	83	—	91	—	397p
ICI	360	43	—	55	3	63	—	"
ICI	390	16	92	34	—	43	—	"
ICI	420	4	83	17	52	25	—	"
Land Secs	260	25	17	34	—	42	—	281p
Marks & Sp.	70	31	8	34	1	—	—	101p
Marks & Sp.	80	21	2	25	—	26	—	"
Marks & Sp.	90	11	16	17	3	18	8	"
Marks & Sp.	100	5½	66	9½	23	12½	2	"
Marks & Sp.	110	2	—	6½	63	8½	10	"
Shell	550	150	2	165	—	175	—	698p
Shell	600	100	1	115	—	130	1	"
Shell	650	50	16	80	—	90	—	"
Shell	700	18	15	45	29	58	—	"
Totals			965		610		155	
		May		**August**		**November**		
BOC Intl.	60	16½	—	17½	3	—	—	74p
Boots	200	27	6	32	—	40	—	220p
Boots	220	12½	39	19	—	27	—	"
Boots	240	5	23	—	—	—	—	"
Boots	260	1½	55	—	—	—	—	"
EMI	120	12½	—	16	5	22	14	122p
EMI	130	7	1	12	—	15	10	"
EMI	140	4	26	8½	--	11	1	"
EMI	160	1½	22	4	—	—	—	"
ImperialGp	90	15½	16	15½	33	18	—	103p
ImperialGp	100	6	8	8½	41	10	1	"
RTZ	280	34	18	46	8	57	—	305p
RTZ	300	20	15	37	1	44	--	"
RTZ	330	8	31	19	—	29	6	"
Totals			260		91		32	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or –	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	20/2	162	68	Caledonian Hldgs.	162	+1	b7.5	1.6	6.6	13.7
**	F.P.	16/2	152	118	Hunting Assoc. Defd.	152		—	—	—	—
**	F.P.	9/2	41	31	M. Y. Dart Defd.	39	+1	—	—	—	—
95**	F.P.	—	117	97	Sedgwick F.New10p	112	–4	T5.0	2.1	6.7	10.5

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or –
‡	F.P.	23/2	85p	53p	Chepstow Race'e 5% Cnv. Uns. Ln. 1988	85p	....
**	£10	—	13¼	12	Lee Valley Water 8% Red. Prf. 1986	13¼	..
98	£10	--	11½	9¼	Mid-Southern Water 8% Red. Pref 1984	11½	....
**		9/5	101p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	101p	....

"RIGHTS OFFERS"

Issue Price p:	Am'unt Paid up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p:	+ or –
1280	Nil	– –	23pm	175pm	Algemene Bank Nederland	175pm	–25
125	F.P.	9/2 23/3	171	154	Baker Perkins	158	..
C$21½	Nil	— ..	24pm	12pm	Bank of Nova Scotia	12pm	–1
115	Nil	— --	41pm	32pm	Brammer (H.)	38pm	.....
60	F.P.	6/3 27/4	86	66	Burco Dean	86	–2
88	Nil	— --	29pm	23pm	Cement-Roadstone	23pm	–5
220	F.P.	14/2 6/4	298	258	Haslemere Estates	288	–4
60	F.P.	-- ..	69	62	Hawkins & Tipson	69	... ..
55	Nil	22/3 4/5	9pm	5pm	Hirst & Mallinson	8pm	.....
185	Nil	— --	40pm	25pm	Johnson Matthey	30pm	–5
67	F.P.	7/3 20/4	109	74½	Macpherson (D.)	104	–5
58	F.P.	26/2 26/3	68	60	Montfort	61½	..
225	F.P.	12/3 20/4	286	232	Rank Org.	278	–6
59	Nil	— —	20pm	14pm	Redman Heenan	20pm	..
27	F.P.	14/3 25/4	37	35	Sekers Intl	36	
315	F.P.	12/3 2/4	386	263	Taylor Woodrow	380	–6

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. ß Assumed dividend and yield. ¤ Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FINANCIAL TIMES STOCK INDICES

—	March 13	March 12	March 9	March 8	March 7	March 6	A year ago
Government Secs.	72.64	72.85	73.00	73.10	71.60	71.15	75.82
Fixed Interest	72.68	72.79	73.05	73.09	72.01	71.67	78.25
Industrial	506.6	519.3	515.4	500.3	496.9	486.2	460.4
Gold Mines	170.0	170.4	163.9	161.7	160.0	159.0	166.3
Gold Mines (Ex-$ pm)	119.1	119.9	115.4	115.0	114.0	113.4	116.1
Ord. Div. Yield	5.52	5.40	5.44	5.61	5.66	5.79	5.69
Earnings, Y'ld % (full)	14.32	14.01	14.10	14.54	14.69	15.12	17.31
P/E Ratio (net) (*)	9.09	9.29	9.23	8.95	8.86	8.57	8.10
Dealings marked	8,961	8,950	7,303	7,300	6,729	6,463	5,623
Equity turnover £m.	—	176.01	214.18	180.00	156.22	97.33	77.01
Equity bargains total	—	32,207	32,271	28,716	27,872	21,542	16,298

10 am 517.2. 11 am 512.5. Noon 513.0. 1 pm 513.6.
2 pm 513.0. 3 pm 510.6.
Latest Index 01-246 8026.
*Nil=8.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	138.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/8/76)

S.E. ACTIVITY

	March 13	March 12
—Daily		
Gilt Edged	123.8	126.4
Industrials	350.0	360.7
Speculative	45.3	44.3
Totals	204.0	205.7
5-d'y Av'r'ge		
Gilt Edged	134.7	139.4
Industrials	302.4	278.3
Speculative	43.8	43.9
Totals	179.6	167.2

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (179)

CORPORATION LOANS (1)
FOREIGN BONDS (1)
CANADIANS (1)
BANKS (2)
BEERS (2)
BUILDINGS (9)
CHEMICALS (1)
DRAPERY & STORES (16)
ELECTRICALS (8)
ENGINEERING (16)
FOODS (5)
HOTELS (2)
INDUSTRIALS (39)
LEISURE (2)
MOTORS (4)
NEWSPAPERS (1)
PAPER & PRINTING (6)
PROPERTY (11)
SHIPPING (2)
SHOES (2)
TEXTILES (4)
TRUSTS (29)
OILS (4)
OVERSEAS TRADERS (1)
RUBBERS (1)
TEAS (2)
MINES (6)

NEW LOWS (1)

INDUSTRIALS (1)
Hoover A

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	61	21
Corpns. Dom. and Foreign Bonds	3	9	47
Industrials	360	454	707
Financial and Prop.	103	157	248
Oils	12	8	13
Plantation	7	4	21
Mines	52	34	56
Recent Issues	1	10	20
Totals	543	737	1,138

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Shell Transport	25p	20	696	– 4	702	484
BP	£1	15	1,108	–10	1,120	720
GEC	25p	14	376	– 7	385	233
ICI	£1	14	394	–11	421	328
Burmah Oil	£1	12	102	– 2	105	42
Grand Met.	50p	12	140	– 5	145	87
GKN	£1	12	263	–12	298	226
Beecham	25p	11	680	–22	726	581
GUS A	25p	11	376	– 4	380	256
Barclays Bank	£1	10	420	–10	438	296
EMI	50p	10	122	– 3	190	115
Marks & Spencer	25p	10	100	– 4	104	67½
Midland Bank	£1	10	390	–10	410	330
Pentos	10p	10	149	+ 7	149	69
RTZ	25p	10	305	– 8	313	164

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tues., March 13, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Mar. 12 Index No.	Fri., Mar. 9 Index No.	Thur., Mar. 8 Index No.	Wed., Mar. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	257.30	–1.3	15.74	5.20	8.63	260.59	257.60	249.40	246.38	208.66
2	Building Materials (28)	235.45	–1.1	16.35	5.58	8.39	238.05	233.47	224.80	219.78	179.92
3	Contracting, Construction (28)	390.35	–0.9	19.58	5.23	7.18	393.84	386.89	373.36	367.98	308.84
4	Electricals (14)	611.24	–1.5	12.63	3.10	10.87	620.39	620.04	596.05	595.39	440.60
5	Engineering Contractors (12)	395.81	–0.8	17.02	5.72	7.94	399.06	393.26	383.28	377.79	285.66
6	Mechanical Engineering (74)	196.65	–1.0	16.87	5.67	7.89	198.68	195.15	190.82	188.25	156.98
8	Metals and Metal Forming (16)	172.33	–2.1	16.12	8.50	8.33	175.97	175.16	169.92	166.93	160.40
11	CONSUMER GOODS (DURABLE) (53)	231.65	–0.9	15.51	4.66	8.60	233.77	232.38	227.65	223.84	183.26
12	Lt. Electronics, Radio, TV (16)	307.86	–1.0	12.62	3.43	11.11	311.02	310.35	303.10	296.75	228.19
13	Household Goods (12)	167.05	+1.8	17.76	6.55	7.78	164.13	164.49	161.81	160.06	164.98
14	Motors and Distributors (25)	124.40	–1.3	20.90	6.77	5.99	125.98	124.04	122.17	121.03	112.29
21	CONSUMER GOODS (NON-DURABLE) (170)	241.60	–1.8	14.48	5.38	9.08	246.06	243.10	235.18	231.14	192.20
22	Breweries (14)	258.19	–1.8	14.79	5.82	8.58	262.98	260.93	254.43	245.78	220.75
23	Wines and Spirits (6)	346.88	–1.1	13.39	4.30	10.97	350.66	348.45	337.71	326.72	243.30
24	Entertainment, Catering (17)	315.45	–2.2	14.09	6.00	9.39	322.45	318.34	309.86	307.78	241.96
25	Food Manufacturing (19)	220.51	–2.1	17.04	5.04	7.82	225.15	223.67	219.40	216.45	182.00
26	Food Retailing (15)	279.38	–2.6	11.55	4.22	11.77	286.70	280.77	270.78	265.65	183.51
32	Newspapers, Publishing (12)	424.53	–0.8	19.31	5.82	7.34	428.03	422.36	414.57	406.80	305.50
33	Packaging and Paper (15)	148.67	–1.4	17.02	7.09	7.66	150.73	148.41	146.68	145.76	127.48
34	Stores (40)	229.87	–2.1	10.65	4.14	13.44	234.91	231.26	222.43	218.94	180.71
35	Textiles (23)	184.12	–0.7	17.58	8.27	7.36	185.37	183.35	180.09	178.11	168.38
36	Tobaccos (3)	291.21	–1.2	19.56	7.07	5.87	294.86	292.02	272.44	267.30	238.23
37	Toys and Games (6)	92.23	+1.0	24.05	7.05	4.98	91.36	90.76	91.61	93.58	98.91
41	OTHER GROUPS (99)	217.05	–1.6	14.11	5.83	9.15	220.61	218.61	214.11	210.79	181.95
42	Chemicals (18)	304.82	–2.4	14.53	6.43	8.91	312.26	311.07	305.32	303.09	252.26
43	Pharmaceutical Products (7)	268.06	–2.2	10.36	4.34	11.69	273.96	273.40	266.47	262.17	237.39
44	Office Equipment (6)	147.28	–2.1	13.73	5.52	9.18	150.37	148.68	143.19	138.98	127.18
45	Shipping (10)	426.99	–1.0	14.17	7.12	8.95	431.18	427.93	425.94	419.99	432.84
46	Miscellaneous (58)	239.77	–0.5	16.04	5.98	8.29	241.03	236.60	232.19	227.46	188.45
49	INDUSTRIAL GROUP (494)	246.38	–1.6	14.78	5.39	8.95	250.29	247.61	240.52	236.79	197.55
51	Oils (6)	620.67	–0.8	11.25	3.40	9.66	625.48	623.96	605.12	593.12	439.19
59	500 SHARE INDEX	277.05	–1.4	14.20	5.06	9.06	281.07	278.44	270.39	266.03	217.81
61	FINANCIAL GROUP (115)	195.16	–1.6	—	5.16	—	198.40	196.90	192.11	189.51	166.09
62	Banks (6)	226.28	–2.4	29.37	5.33	4.46	231.90	235.10	230.15	227.78	186.77
63	Discount Houses (10)	245.42	–0.1	—	7.53	—	245.66	244.53	243.70	240.12	195.46
64	Hire Purchase (5)	181.16	–0.4	17.80	4.86	7.21	181.97	182.33	181.21	178.54	150.66
65	Insurance (Life) (10)	151.88	–1.9	—	6.19	—	154.76	149.35	144.21	141.14	138.09
66	Insurance (Composite) (7)	142.23	–1.5	—	6.52	—	144.33	141.33	135.96	133.83	130.91
67	Insurance Brokers (10)	336.81	–2.3	14.78	5.71	9.70	343.87	339.30	324.77	320.41	344.48
68	Merchant Banks (14)	90.56	+1.1	—	5.54	—	89.60	88.50	85.77	84.54	76.58
69	Property (43)	329.12	–1.4	3.25	2.47	49.27	333.87	332.21	328.95	326.00	238.20
70	Miscellaneous (10)	124.19	–0.8	18.19	6.37	6.84	125.23	123.13	122.55	119.09	106.90
71	Investment Trusts (111)	234.23	–0.3	—	4.67	—	235.81	230.06	224.01	219.30	181.34
81	Mining Finance (4)	130.01	–1.4	14.46	5.48	8.52	131.83	129.29	124.78	123.24	89.58
91	Overseas Traders (20)	361.40	–0.5	13.83	6.98	9.18	363.20	358.04	352.34	351.56	273.83
99	ALL-SHARE INDEX (750)	255.27	–1.4	—	5.11	—	258.84	256.23	249.11	245.21	202.63

FIXED INTEREST PRICE INDICES

	British Government	Tues., Mar. 13	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.30	–0.04	—	1.87
2	5-15 years	118.35	–0.34	—	1.39
3	Over 15 years	123.32	–0.29	—	2.24
4	Irredeemables	134.60	–0.48	—	1.78
5	All stocks	115.26	–0.20	—	1.91

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues., Mar. 13	Mon., Mar. 12	Year ago (approx.)
1	Low Coupons	5 years	8.91	8.89	7.63
2		15 years	10.54	10.50	9.85
3		25 years	11.37	11.33	10.34
4	Medium Coupons	5 years	11.28	11.24	9.68
5		15 years	11.94	11.89	10.90
6		25 years	12.09	12.04	11.06
7	High Coupons	5 years	11.62	11.58	9.94
8		15 years	12.41	12.35	11.65
9		25 years	12.53	12.50	11.97
10	Irredeemables		10.96	10.91	10.18

		Tues. March 13 Index No.	Tues. March 13 Yield %	Mon. Mar. 12	Fri. Mar. 9	Thurs. Mar. 8	Wed. Mar. 7	Tues. Mar. 6	Mon. Mar. 5	Fri. Mar. 2	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.68	†13.56	54.68	54.63	54.57	54.21	53.86	53.84	53.51	60.96
16	Investment Trust Prefs. (15)	50.39	13.94	50.39	50.16	50.16	49.89	49.89	49.88	49.80	56.59
17	Coml. and Indl. Prefs. (20)	70.77	13.19	70.77	70.76	70.69	69.93	69.80	69.78	68.69	75.80

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

APPOINTMENTS

NatWest director—Scotland

Mr. Ivor Jones, who was appointed senior executive at the Scottish office of NATIONAL WESTMINSTER BANK in September, 1977, has been redesignated local director, Scottish office. His new appointment follows a recently completed review of NatWest's regional structure.

★

Mr. A. D. Phillips has been appointed a director of BUNZL PULP AND PAPER (SALES). He has also become a director of Bunzl Pulp and Paper Sales Inc. (and subsidiaries) and Intercontinental Cellulose Sales Inc., associated companies in New York.

★

Mr. Gordon A. Anderson, a partner in Arthur Young McClelland Moores and Co., has been appointed a member of the SCOTTISH MILK MARKETING BOARD for three years.

★

Mr. H. B. Snell, a joint managing director of PLAXTONS (SCARBOROUGH), has resigned from the Board for personal reasons by mutual agreement. **Mr. J. D. Pepper**, group finance director, becomes joint managing director with **Mr. J. R. Birley** continuing in that office. **Mr. F. W. Plaxton** remains chairman and chief executive and **Mr. W. S. Newham**, a main Board director, joins Mr Birley as joint managing director of the coachbuilding division.

★

Mr. W. D. D. Allen has been appointed a director of AAH from April 1 and will continue as secretary.

★

Mr. L. W. G. Priestley, a local director of Barclays Bank, is to become secretary-general of the COMMITTEE OF LONDON CLEARING BANKERS. He will succeed **Mr. P. J. Nicholson**, who will be returning to the Midland Bank as a general manager on May 1.

★

Mr. I. F. Davies and **Mr. H. Walker** have been appointed directors of IDC CONSULTANTS, a member of the IDC Group.

★

Mr. Alan Offer has been appointed to the Board of ART REPROGRAPHIC (LONDON) as director in charge of the computer film setting department. The company is a subsidiary of Oxley Printing Group.

★

Mr. Alan Cocking and **Mr. Malcolm White** have been appointed to the Board of TOTTY BUILDING GROUP. **Mr. Philip Bowers** is to join the group to become construction manager-director designate in place of **Mr. Dick Etherington**, who has relinquished his seat on the Board to take up other duties within the group. **Mr. Keith Dickinson** has been made marketing consultant.

★

Mr. George C. Bergland

Mr. George C. Bergland, a senior vice-president of the FIRST NATIONAL BANK OF CHICAGO, has been appointed general manager of London branch and regional head for the UK and Ireland. He has also been elected a director of First Chicago Limited. Mr. Bergland, who has been with the bank for 26 years, has been head of its Tokyo branch, the bank's aerospace and electronics group, and regional office group and correspondent banking group.

★

Mr. John Morton is to become managing director of GEORGE TURTON PLATTS AND CO. on April 2 in place of **Mr. J. Leslie Hewitt**, who will remain chairman.

★

The Secretary for Trade has appointed **Mr. Duncan McDonald** to the OVERSEAS PROJECTS BOARD. Mr. McDonald is group managing director of Northern Engineering Industries.

★

Sir Ian Maclennan has become chairman of the general advisory council of the INDEPENDENT BROADCASTING AUTHORITY in succession to Lady Pike. **Miss Fanny Waterman** and **Mr. Ian Wrigglesworth** have become members of the GAC. Sir Ian is a former Ambassador to the Republic of Ireland and a former High Commissioner in New Zealand.

★

Mr. T. J. Tinson has been appointed sales director of EVER READY COMPANY (GREAT BRITAIN), a subsidiary of the Berec Group.

★

Mr. Colin Bell, director of Essex County Newspapers, has been elected deputy chairman of the AUDIT BUREAU OF CIRCULATIONS.

★

Mr. Ken Eldred has become sales director on the Board of LODERS AND NUCOLINE, a Unilever company.

★

Mr. Clive Last has become company secretary of J. MANN AND SON (Howard group) in place of **Mr. Denis R. Simpkin**, who continues as a director and controller of resources.

★

Mr. John Fabritius has been appointed food division controller of the ROYAL ARSENAL CO-OPERATIVE SOCIETY, succeeding **Mr. Les Brand**, who is now the society's foods marketing manager.

★

Mr. Ken Elkington, commercial director of TI TRANSPORT EQUIPMENT, has taken over the additional responsibility of all UK sales. **Mr. Jim Bentham** has been appointed to the newly created post of vehicle manufacturer liaison manager. **Mr. Mark Taylor** becomes technical sales executive. **Mr. John Nelson** has been made UK field sales manager and **Mr. Chris Lion** is now sales promotion manager.

★

Mr. Terry O'Connell and **Mr. Gerry Richings** have been appointed directors of BIS APPLIED SYSTEMS.

★

Mr. Robin Wendt is to become chief executive of the CHESHIRE COUNTY COUNCIL in succession to **Sir John Boynton**, who is to retire on July 31.

★

Mr. Murray Loake has been appointed director of communications and public affairs at LEYLAND VEHICLES. He was formerly communications executive with SP Industries (previously Leyland Special Products).

★

Mr. Roger Spendley has been appointed works director of MAGOG INDUSTRIES.

★

Mr. Michael Spencer has been appointed sales director of TUNSTALL BYERS and **Mr. James Walker** is to become company secretary.

★

CONTINENTAL TYRE AND RUBBER COMPANY has appointed **Mr. Hermann Plass** as managing director of its UK organisation with headquarters in Couldson, Surrey. Continental, Germany's largest tyre and rubber manufacturing company and sixth largest in the world, have head offices in Hanover.

★

Mr. Peter Mitchell has been appointed managing director (from April 1) of BL's historic vehicle business, which has changed its name from Leyland Historic Vehicles to BL HERITAGE. He joins BL Heritage from Coventry Museum where he was responsible for developing the transport collection, and wrote a history of the motor industry in the city.

★

Mr. Mike Taylor has been appointed to the Board of CHLORIDE TRANSIPACK as marketing director.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Mar. 12	40.8	42.8	.....	5.89
Exempt Feb. 28	104.9	108.9	.....	5.14

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	55.2	58.0	+4.2	3.27

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	80.4	85.6	.....	3.72

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	55.8	59.3	−0.1	6.27
Mutual Inc. Tst	78.0	83.0	.....	6.99
Mutual Blue Chip	48.1	52.1	−0.2	6.25
Mutual High Yld	61.7	65.9	+0.1	8.18

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income March 1	152.2	157.8	.....	6.34
(Accum. Units)	212.0	219.8	.....	6.34
Capt. March 1	134.6	139.6	.....	3.47
(Accum. Units)	164.2	170.2	.....	3.47

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst	54.5	58.0	+4.6	4.40
(Accum. Units)*	67.7	72.1	+5.7	4.40
NPI O'seas Trust	135.4	143.3xd	.....	2.20
(Accum. Units)**	146.5	155.1	.....	2.20

**Prices on Feb. 21. Next dealing March 29.
*Prices on March 14. Next dealing March 28.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	75.2	80.8	−0.4	3.95
Extra Inc.	71.0	76.3	−0.5	7.86
Financial	37.7	40.5	−0.4	4.86
Growth Inv.	96.1	103.3	−0.4	4.63
Income	38.5	41.3	−0.5	6.74
Portfolio Inv. Fd.	78.2	81.8	−0.5	5.62
Universal Fd.(d)	56.1	60.3	+0.2	2.23

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	67.3	70.7	−0.6	5.06
Nelstar High Inc.	52.7	55.4xd	−0.1	7.55

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fd.	404.8	426.1xd	−3.7	4.83

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	27.0	29.1	.....	4.62
Accum Units	32.0	34.5	.....	4.62
Pearl Inc.	36.7	39.5	.....	6.45
Pearl Unit Tst.	39.9	43.0	−0.2	4.91
(Accum. Units)	52.5	56.5	−0.2	4.91

Pelican Units Admin. Ltd. (g)(x)
57/63 Princes St., Manchester. 061-236-5685

Pelican Units	102.4	110.1	−0.3	4.18

Perpetual Unit Trust Mngmt.♥ (a)
48, Hart St., Henley on Thames 04912 6868

P'petualGp.Gth.	49.1	52.7	.....	3.50

For Piccadilly see Gibbs (Antony)

Practical Invest Co. Ltd.♥ (y)(c)
44, Bloomsbury Sq., WC1A 2RA 01-623 8893

Practical March 7	156.8	166.3	.....	4.52
Accum. Units	226.1	239.8	.....	4.52

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, EC2. 01-247 6533

Prolific Units	92.7	99.3	−0.8	2.98
High Income	141.3	151.4	−0.2	6.65

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	146.0	155.0	−0.5	4.33

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	117.9	122.9	.....	3.96
Quadrant Income	135.5	139.7	.....	7.94

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	74.3	79.4	+4.0	5.45
Sekforde T. (Acc.)	48.3	51.7	.....	5.16
Sekforde T. Inc.	46.2	49.4	.....	5.16

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	95	102	.....	2.40
Ridgefield Income	94	100	.....	10.10

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N. C. Equity Fund	189.2	201.2	−0.9	3.56
N.C. Engy. Res. Tst.	115.8	123.1	+0.4	2.39
N.C. Income Fund	165.9	176.4	−1.1	7.00
N.C. Intl. Fd. (Inc.)	88.4	94.1	+0.4	1.95
N.C. Intl. Fd. (Acc.)	89.6	95.5	+0.5	1.95
N.C. Smllr Coys Fd.	187.9	199.9	−0.3	3.86

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American March 8	66.5	70.0	.....	1.38
Securities March 13	201.0	211.0xd	+14.0	4.06
High Yield March 9	56.9	59.8	.....	8.94
(Accum. Units)	83.1	87.3	.....	8.94
Merlin March 7	85.4	89.9	.....	3.85
(Accum. Units)	107.5	113.2	.....	3.85

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fd.	70.8	74.7	.....	3.48
Income Fd.	70.4	74.3	.....	7.56

Prices at Feb. 28. Next dealing March 15.

Save & Prosper Group♥
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	39.3	42.2	.....	2.37
I.T.U.	28.3	30.4	.....	3.86
Univ. Growth	71.1	76.4	−0.2	2.21
Increasing Income Fund				
High-Yield	57.7	62.0	−0.3	7.04
High Income Funds				
High Return	72.8	78.2	+0.1	8.19
Income	45.7	49.1xd	−0.2	9.24
U.K. Funds				
UK Equity	50.5	54.3xd	−0.2	4.57
Overseas Funds (z)				
Europe	87.2	93.7	+0.1	3.55
Japan	95.4	102.5	+0.5	1.75
S.E. Asia	39.9	42.8	−0.1	1.71
U.S.	69.9	75.1xd	+0.4	0.63
Sector Funds				
Commodity	91.0	97.8xd	.....	3.28
Energy	77.9	83.7xd	+0.1	1.85
Financial Secs	75.8	81.5	−0.5	3.30
High-Minimum Funds				
Select Internat.	273.3	288.4	−0.4	3.07
Select Income	59.7	63.0	−0.1	7.28
Exempt Funds♦				
Exempt Income*	173.2	182.8xd	.....	7.38
Exempt Intl.*	251.4	265.4	.....	2.38

*Prices at Feb. 28. Next sub. day March 14.

Scotbits Securities Ltd.

Scotbits	41.2	44.3	−0.4	3.77
Scotyield	54.4	58.5xd	−0.2	6.95
Scotshares	67.7	72.7	−0.2	4.27

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	41.4	43.6	+1.3	—
Equity Acc.	35.7	37.6	+1.1	—
Property Fd.	158.0	166.4	.....	—
Property Acc.	168.8	177.7	.....	—
Selective Fund	100.0	106.3	+2.0	—
Convertible Fund	136.8	144.1	+0.3	—
♥Money Fund	127.2	133.9	+0.4	—
♥Prop. Fd. Ser. 4	137.8	145.1	.....	—
♥Man. Fd. Ser. 4	148.4	156.3	+3.7	—

Crown Life Assurance—contd.

Fxd. Int. Fd. Incm.	108.6	114.3	−0.7	11.78
Inter'l. Fd. Acc.	113.8	119.7	+0.4	—
Inter'l. Fd. Incm.	113.8	119.7	+0.4	9.80
Money Fd. Acc.	99.7	104.9	+0.1	—
Money Fd. Incm.	97.3	102.4	+0.1	13.00
Dist. Fd. Incm.	111.4	117.2	−0.6	9.27
Crown Brt. Inv. 'A'	161.7	—	.....	—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US9.19	+2.09	—

Net asset value March 14.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£11.24	11.25	.....	12.19

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123	127	.....	3.93

Next dealing date March 20.

Gov't Secs. Tst.	97	100xd	.....	12.50

Next dealing March 14

East & Intl. Tst. (CI)	98	105	.....	3.94

Next dealing date March 22.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

US$1 Shares	$US1.48	.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US111.38	111.86	.....	8.27

Prices at March 8. Next sub. day March 14.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,914	1,973	+1	8.06

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	92.4	97.3	.....	2.50

Barclays Unicorn Int. (Ch. Is.) Ltd
1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	47.4	49.9	.....	12.50
Unidollar Trust	$US10.65	11.50	.....	1.70
Unibond Trust	$US103.15	106.60	+0.45	9.00

Barclays Unicorn Int. (I.o.Man)
1, Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	52.0	56.0	.....	1.60

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,345	1,476	.....	2.40
Bondselex	Fr119.20	125.15	.....	—
Cent. Assets Cap	£143.14	143.22	+0.03	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.84	9.88	+0.26	11.75
Gilt Trust (I.o.M.)	111.6	114.5xd	+3.8	11.75
Gilt Fnd. Guernsey	9.78	9.83xd	.....	11.75
Intl. Govt. Secs. Tst.				
First Sterling	£20.41	20.55	+1.48	—
First Intl.	$US212.26	213.12	+10.45	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.		1,068	−1	4.49
Guernsey Inc.	66.5	70.4	.....	3.89
Do. Accum	83.3	88.3	.....	3.89
KB Far East Fd.		US$13.20	.....	1.52
KB Gilt Fund	£10.84	10.91	.....	12.00
KB Intl. Fund		$US12.03	.....	1.91
KB Japan Fund		$US36.25	+0.10	0.69
K.B. U.S. Gwth. Fd.		$US12.52	.....	1.60
Signet Bermuda		$US5.11	.....	1.76
K.B. Int. Bd. Fd.		$US102.13	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561

Lloyds Tst. O'seas	56.4	59.4	.....	0.51

Next dealing March 15.

Lloyds Trust Gilt	£10.70	10.71	.....	12.00

Next dealing March 21.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF311.50	333.50	.....	1.30
Lloyds Int. Income	SF291.50	303.0	.....	5.30

Management International Ltd.
Bank of Bermuda Building, Bermuda

C'bury March 2	$US22.40	.....	—

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Mar. 13	US$3.08	3.37	+0.09	—
Aust. Ex. March 7	US$2.43	2.77	.....	—

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
97	94⅝	Treasury 3pc '79‡‡	97xd	......	3.09	9.11
97⅞	95⅛	Electric 4¼pc '74-79	97¼xd	......	4.37	9.62
104 11/16	98 1/16	Treasury 10½pc '79‡‡	99⅞	......	10.51	10.62
96½	94½	Electric 3½pc '76-79	95⅞	–⅛	3.65	9.92
103⅛	95⅞	Treasury 9pc 1980‡‡	98¾	......	9.11	10.34
102 13/16	95 13/16	Treasury 9½pc '80‡‡	98¾	......	9.62	10.65
95⅛	92⅞	Treasury 3½pc '77-80	94¾	......	3.69	7.96
96½	92⅞	Funding 5¼pc '78-80‡‡	95½	......	5.50	9.10
110¼	99⅜	Exchequer 13pc 1980‡‡	102¾	......	12.65	11.13
106¼	96 11/16	Treasury 11½pc 1981‡‡	100⅝	–⅛	11.42	11.08
92	88¼	Treasury 3½pc 1979-81	91¾	......	3.81	8.21
101¾	92 3/16	Treasury 9¾pc 1981‡‡	97⅝xd	–⅛	9.98	11.08
97 3/16	89½	Exch. 8¼pc 1981	94⅝	–⅛	8.71	10.99
100¼	91¼	Exch. 9½pc 1981	96½	......	9.84	11.21
89	84¼	Exch. 3pc 1981	89	......	3.37	6.06
98 1/16	95⅛	Treas. Variable '81§§	96 5/16	......	12.28	13.47
111	98 1/16	Exch. 12¾pc 1981‡‡	103⅜	......	12.36	11.34
99⅞	98	Treas. 8½pc '80-82‡‡	95⅝	–⅛	8.88	10.29
87¾	82	Treasury 3pc '82‡‡	87¼	......	3.43	7.97
115⅞	100⅜	Treasury 14pc '82‡‡	107xd	–⅛	13.08	11.18
96 11/16	94	Treas. Variable '82§§	94 11/16	......	12.46	13.77
96⅝	85½	Treasury 8¼pc '82	92⅜	–⅛	8.93	11.05
100¼	86½	Exch. 9¾pc 1982	94xd	–⅛	9.84	11.35
96 11/16	84⅝	Exch. 8¾pc 1983	92⅜	–⅛	9.47	11.25
85¼	78¼	Exch 3pc '83	82¾	......	3.62	8.21
114¼	93⅛	Treasury 12pc 1983‡‡	102⅛xd	......	11.75	11.32
102⅛	93⅛	Treas. 12pc '83 A‡‡	101½	–⅛	11.82	11.50
94½	93¾	Treas. Variable '83§§	93¾	......	12.62	13.83
100⅛	84½	Treasury 9¾pc '83	93⅝	–⅛	9.87	11.14
95⅜	85½	Exch. 10pc 1983	94⅜	–1/16	10.56	11.48
89⅝	78¾	Funding 5½pc '82-84‡‡	87½	......	6.28	8.71
Five to Fifteen Years						
106	93¼	Exch. 12¼pc 1985	105½	–¼	12.03	11.83

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS
Public Board and Ind.
Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	22		—	—
41	33	Do. 5pc Pref	40		—	—
98	98	Chilean Mixed	98		—	13.30

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MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

\$15¼	\$10¼	Buffels R1	\$12¼	+⅛	Q190c	ϕ	17.9
\$11¾	830c	East Drie R1	\$10⅜	.....	Q115c	ϕ	12.8
585c	330c	East Rand Prp. R1	430	+10	Q10c	—	—
\$28⅜	\$16½	F.S. Geduld 50c	\$22	−⅛	Q315c	2.4	16.4
\$15⅜	975c	Pres. Brand 50c	\$14	−⅜	Q150c	3.2	12.4
\$14¾	900c	St. Helena R1	\$14	−⅜	Q190c	1.4	15.6
575c	313c	Stilfontein 50c	570c	−5	Q66c	2.3	13.4
\$23⅞	\$16¼	Vaal Reefs 50c	\$23½	−¼	Q280c	ϕ	13.7
\$37	\$25	West Drie R1	\$32⅛	+⅜	†Q385c	1.7	13.8
\$31¼	\$19	West Hldgs. 50c	\$26⅜	−⅜	Q415c	1.4	18.1
\$13	895c	Western Deep R2	\$11½	−⅛	Q147½c	2.4	14.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- ǿ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80 G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978 N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79 Q Gross. T Figures assumed Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations. xd ex dividend; xc ex scrip issue, xr ex rights, xa ex all; xd ex capital distribution

" Recent Issues " and " Rights " Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26½	
Ash Spinning	107	+1
Bertam	26	−1
Bdg'wtr. Est. 50p	360	
Clover Croft	28	
Craig & Rose £1	810	+100
Dyson (R. A.) A	35	
Ellis & McHdy	69	......
Evered	26	
Fife Forge	52xd	
Finlay Pkg. 5p	28½	.....
Graig Ship. £1	130	+3
Higsons Brew	75	
Holt (Jos) 25p	270	+2
I O.M. Stm. £1	180xc	+5
Pearce (C. H.)	203	
Peel Mills	26	....
Sheff. Refrshmt	74	...
Sindall (Wm.)	120	...

IRISH

Conv. 9% '80/82	£91¼	+¼
Alliance Gas	111	...
Arnott	400	...
Carroll (P.J.)	110	+3
Clondalkin	95	+2
Concrete Prods	135	−3
Heiton (Hldgs.)	63	...
Ins. Corp.	180	
Irish Ropes	165	+5
Jacob	42	
T.M.G.	225	+5
Unidare	86	+1

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Unilever	35
BOC Intl.	6	"Imps"	6	U.D.T.	4
B.S.R.	6	I.C.L.	40	Utd. Drapery	7½
Babcock	11	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	32	Ladbroke	14	**Property**	
Blue Circle	18	Legal & Gen.	14	Brit. Land	3¾
Boots	15	Lex Service	7	Cap. Counties	4½
Bowaters	14	Lloyds Bank	22	E.P.	3½
B.A.T.	24	"Lots"	4	Intreuropean	5
Brown (J.)	33	London Brick	6	Land Secs	16
Burton 'A'	16	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	"Mams"	12	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	7	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	5	N.E.I.	12	Brit. Petroleum	45
Eagle Star	10	Nat. West. Bank	22	Burmah Oil	8
E.M.I.	14	Do. Warrants	10	Charterhall	2½
Gen. Accident	17	P & O Dfd.	7	Shell	28
Gen. Electric	18	Plessey	8	Ultramar	16
Glaxo	40	R.H.M.	5	**Mines**	
Grand Met.	7½	Rank Org.	18	Charter Cons.	12
G.U.S. 'A'	20	Reed Intnl.	12	Cons. Gold	12
Guardian	18	Spillers	3½	Rio T. Zinc	16
G.K.N.	22	Tesco	4		
Hawker Sidd.	20	Thorn	22		
House of Fraser	12	Trust Houses	18		
		Tube Invest.	30		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday March 14 1979

Money supply growth slows after gilt sales

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of the money supply slackened during February after very large sales of gilt-edged stock.

But the slowdown may have been somewhat less than City analysts were expecting, for bank lending to the private sector appears to have been buoyant, partly because of the effects of the lorry drivers' strikes and the bad winter weather.

Thus the underlying expansion of the money supply may well have remained above the upper end of the Government's target range, though by a smaller margin than in mid-January.

This is tentatively suggested by banking figures for mid-February, published yesterday by the Bank of England.

Eligible liabilities, a major source of deposit funds and one of the main components of the money supply, fell by just over 0.9 per cent to £45.56bn in the five weeks to February 21.

But that is not a good guide to the growth of sterling M3, which includes cash and bank current and seven-day deposit accounts. This is partly because of seasonal factors, such as a reduction in deposits for tax payments, which tend to raise the published figure.

There also appears to have been quite substantial lending by the banks to the discount houses, which affects eligible liabilities but not sterling M3. In addition, the note circulation has risen by more than expected, although the fall in UK private sector sterling deposits with the clearers was surprisingly small.

This makes it difficult to estimate sterling M3, but a rise of approaching 1 per cent in the month to mid-February looks likely, compared with a 2.6 per cent increase in the previous month.

On that assumption, the annual rate of growth of the money supply would be roughly 15 per cent over the first three months of the new target period to October. Last month the underlying rate of expansion was 16¼ per cent. This compares with a target increase of 8 to 12 per cent for the 12 months to mid-October, although that target will be reviewed in the Budget on April 3.

These figures suggest that the authorities are likely to be very cautious about responding to any market pressures for a further reduction in interest rates after the one-point cut to 13 per cent in minimum lending rate earlier this month. The emphasis anyway is now on stable rates.

The main upward pressure on money supply seems to have come from bank lending since the heavy gilt sales more than covered any public-sector borrowing and inflows of foreign currency were not on a large scale in the period.

The London Clearing Banks announced yesterday that their sterling advances rose by £334m in the month to mid-February. This was rather larger than the underlying increase—possibly of up to £200m—after seasonal and other factors were excluded.

The rise in lending for the whole banking system may have been larger than suggested by the clearers.

Petrol up 2-3p next month

BY SUE CAMERON

MOST BIG oil companies plan to increase prices of all their products by between 1p and 4½p a gallon next month. Petrol would become 2p to 3p dearer, on average.

The rises would be the second within three months. Most companies introduced increases of the same order at the end of January or beginning of February.

Shell, Mobil, Total and Conoco have notified the Price Commission of proposed price increases. British Petroleum is expected to do the same in a few days.

They say that the main reason is the forthcoming increase in Organisation of Petroleum Exporting Countries' crude oil prices.

OPEC prices are to rise by 3.8 per cent on April 1 as part of the overall 14.5 per cent increase planned for this year. The April 1 rise will take Arabian light marker crude from its present $13.335 a barrel to $13.842 a barrel. Two more increases are planned for July and October.

Some companies hope that they will also be able to recover part of the increased costs they have had to pay as a result of the Iranian oil crisis.

Shell said yesterday that it "had not foreseen the surging costs that have taken place since January." The halt on Iranian oil exports had put pressure on North Sea oil prices.

Shell takes roughly half its oil from the North Sea.

Shell, which has 6,400 petrol stations in the UK, is thought to be planning increases of between 1p and 2p a gallon on all products. That would probably mean an extra 3p a gallon on petrol at the pumps.

Conoco is understood to be planning price increases similar to those of Shell. Mobil proposes to put just over 2p a gallon on all products.

Total, a subsidiary of Compagnie Française des Petroles, which used to rely on Iran for 9 per cent of its oil, plans to increase the prices of its oil products by nearly 4½p a gallon.

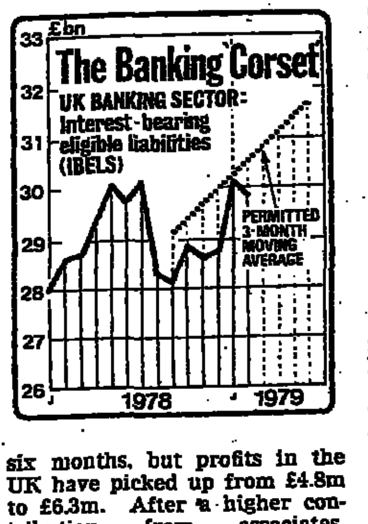
Esso plans no further price rises. BP has started limiting its petrol deliveries to the levels of March last year.

THE LEX COLUMN

A changing mix at United Biscuits

Index fell 12.7 to 506.6

After its adventures of the last few days the equity market was due for a shake-out, but the 2½ per cent fall in the FT 30-share index was uncomfortably sharp for some of the bulls. Gilts, too, were showing quite sizeable falls after hours last night. But sterling continues to push ahead on a trade-weighted basis.



United Biscuits

A 10.8 per cent profits rise to £42.2m pre-tax has left *United Biscuits short of two of* its corporate objectives in 1978. The pre-interest return on capital employed has slipped to a bit under 20 per cent, and profit margins have also fallen a little. In addition, the road haulage dispute has upset the group's earlier hopes of a faster rate of profits growth in 1979. It says that interim profits are unlikely to match last year's level, and makes no forecasts for the second half.

Yet overall profits should still show some progress this year, and a number of substantial investments will be reaching the pay-off stage thereafter. Branded biscuits in the UK so far compare badly with the bumper opening months of 1978, but United Biscuits claims a rather bigger market share and senses a new buoyancy in demand. In 1978 as a whole, its volume fell by about 1 per cent. In addition the crisps and snacks business seems to be maintaining the gains seen in 1978, and losses on cakes have been cut sharply.

In the U.S., Keebler recovered strongly in the second half of 1978, with trading profits up by a sixth in dollar terms, and it is now reaching the end of a major investment programme which will have added about a fifth to its capacity. And in Spain, the group has heavily cut back a business which lost the best part of £1m last year.

The return on Keebler's new capacity should start to show through in 1980, and United Biscuits plans to use its strong balance sheet to make further food acquisitions in the U.S. At home, it sees frozen foods (with *sales of over £40m this year)* and fast foods as important sources of long-term growth. These hopes are reflected in the share price: at 80p the yield is a well covered 5.6 per cent.

Brooke Bond Liebig

Brooke Bond Liebig's profits are falling — but there is a higher quality blend. Overseas *trading profits* have dropped from £19.3m to £10.3m after six months, but profits in the UK have picked up from £4.8m to £6.3m. After a higher contribution from associates, largely reflecting the change in status of Brooke Bond India, and a lower interest charge, following the improvement in UK liquidity thanks to the tea price slump, pre-tax profits are down just under a quarter to £15.8m, excluding gains on property disposals.

The improvement in quality of profits should continue in the second six months, when the *benefits of BBL's expensive but* successful marketing push in the UK tea market should show through more strongly. The group has managed to restore its one-time market share which was hit so badly by the price gyrations, and in fact first half UK tea volume was up 30 per cent on the depressed level of a year earlier. The meat side has also made progress from a low base.

Overseas it does not look as though the plantation interests will do any better in the second six months, and there are also problems in Pakistan because of price controls and strikes, while the cheese and spice businesses in the US have been hit by fierce competition. Still, the Australian acquisition Bushells will chip in for the first time and will help to improve the *overall balance of the group.*

Excluding property profits (which were £3.1m last year) it does not look as though BBL will make more than about £35m pre-tax this time, against £40.8m. But assuming the dividend goes up a tenth the yield at 48½p is a comfortable 10.6 per cent.

Swiss franc bonds

At the same time as yields of 14 per cent and upwards on British Government bonds proved irresistible to foreign investors, the Swiss bond market, with its rather lower yield structure, has been falling out of bed. Large liquidity at the beginning of the year tempted new borrowers to force coupons down aggressively and encouraged a stream of refinancings. As the Swiss franc's scope for further appreciation seemed to be more limited than usual, the borrowers were having it both ways.

Already last month indigestion was beginning to set in. One domestic bond was undersubscribed and the new Swiss Government 2¾ per cent issue, floated at the beginning of March, was barely covered by subscriptions—a most unusual event. The National Bank supported Government issues in the secondary market for a few days, but since it pulled out prices have fallen sharply lower. Yields on foreign bonds have risen by up to 60 basis points, a considerable deterioration on an original yield of 3½ per cent or so. The selling became particularly heavy after the announcement of a 1.1 per cent increase in retail prices in February—the sort of rise that in Switzerland is associated with 12 months, not one.

The market is afraid that if the franc merely holds steady, rising import costs will make it impossible to keep Swiss inflation at the levels that both Swiss and international investors have grown used to. Given the international competition—from Deutsche Mark bonds, let alone gilts—the interest rate structure looks inappropriately low unless the franc is about to appreciate. Last month's unseemly rush to borrow in Zurich may have speeded up the killing of the goose, but some of the borrowers, ICI for example, are sitting on 3½ per cent, 15-year eggs.

Banking figures

After the surge in gilt-edged sales the size of the drop in the banking sector's eligible liabilities in the February banking months is a little disappointing, and it may be that sterling M3 will show a small rise. This is not a serious problem at present, but it does raise the question of how much of the recent gilts buying has been by the overseas and banking sectors and has not contributed to monetary control. The Bank of England's views on this, and on the likelihood of an acceleration in loan demand, may *determine the timing of the next* gilt-edged tap stock.

Home loans may not have to be cut

BY EAMONN FINGLETON

BUILDING SOCIETY receipts were better than expected last month so that mortgage lending may not have to be cut.

Net receipts in February were £231m, according to Building Societies Association figures. The total was £58m down on January, and the lowest for six months, but much higer than expected.

There could be a further improvement in March, Mr. Norman Griggs, secretary general of the Association, said yesterday. The latest figures were "heartening." In February £695m had been promised to home buyers, almost exactly the same as in January.

"In no way can this be regarded as a mortgage famine. Barring a financial crisis, building society interest rates seem likely to remain at their present level in the short term. Hopefully, falling interest rates in the economy will work to the advantage of the societies and allow them to step up their lending to home buyers."

Similar optimism came yesterday from the Abbey National, the second biggest society. "The outlook for mortgages is brighter than it was a month ago. We are confident enough to keep up are targetted lending programme whereas a month ago we were thinking in terms of a cutback.

"The current level of lending will not produce as many mortgages as we provided a year ago, but if interest rates generally continue to drop we hope to increase the volume of mortgages later this year."

Overall, societies took in £1.335bn from savers last month while paying out £1.104bn in withdrawals. In addition to the net receipts of £231m, societies' funds were boosted by £12m interest credited to savers' accounts and £264m of repayments.

The movement's liquidity fell to 17.3 per cent on an unadjusted basis last month, the lowest figure for almost two years, which compares with 17.6 per cent in January. But on a seasonally adjusted basis, reflecting mainly the drain on liquidity caused by tax payments early in the year, liquidity rose from 18.4 per cent to 18.5 per cent between January and February.

Government acts over civil service strikes

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday made its first important stand against civil service strike action by announcing emergency legislation for the Scottish courts.

At the same time, Ministers appealed to the unions to call off their strike campaign, but further escalation will be announced tomorrow.

Charges against a number of people awaiting trial in Scotland, mainly for motoring offences and petty crime, have already been dropped because of a strike by about 500 clerical workers.

Lawyers, including Lord Emslie, Lord President of the Scottish Court of Session, have criticised the strike and warned that the Scottish legal system was in danger of breakdown.

Mr. Bruce Millan, Scottish Secretary, told the Commons yesterday that an emergency Bill would be introduced tomorrow.

The legislation will have three main effects:

● The 110-day bar between charges being brought and a case being heard will be extended for the duration of the strike.

● Time limits will be extended, so that cases which should have been heard during the action—including civil claims for damages—can be heard for up to a month after the strike.

● Judges will be empowered to authorise anyone to perform work during the action which would otherwise have been done by a clerk of court, sheriff clerk or a court officer.

Mr. Millan said that none of the measures would ensure the return of the clerical workers but there would be assurances that the public and litigants' interests would not be lost.

Mr. Millan, Mr. Albert Booth, Employment Secretary, and Mr. Charles Morris, Civil Service Minister, earlier met officials from the two unions taking action, the Civil and Public Services' Association and the Society of Civil and Public Servants.

Though Lord Peart, the Lord Privy Seal, nearly two weeks ago assured the unions that he would recomend to the Cabinet that a civil service settlement based on the agreed findings of a comparability study should be paid within 12 months, it was made clear at the meeting that Cabinet authorisation for negotiations with Civil Service Department officials had not yet been given.

The selective strikes have been aimed at key Government computer operations and have seriously dislocated revenue collection and payments.

A further 10 centres for strike action will be announced, though the unions have not yet decided to disrupt social security and unemployment benefit payments. A move to extend the action to these areas was defeated yesterday in the CPSA executive.

The Society said it was "utterly disgraceful" that the Government should rush through emergency legislation which curtailed civil liberties when the Cabinet had not authorised negotiations. Union representatives will meet Civil Service Department officials for further talks on pay today.

Legislation planned to ease **court disruption Page 15**

Minister refuses inquiry into steelworks closure

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has rejected a trade union request for a public inquiry into the proposed closure next year of Bilston steelworks, in Staffordshire.

Mr. Eric Varley, Industry Secretary, was writing yesterday to the biggest steel union, the Iron and Steel Trades Confederation, to say it must argue the case with the British Steel Corporation.

His decision is likely to test the strength of feeling of the Bilston workers, whose local leaders have all along insisted that the men will fight for their jobs.

BSC is expected to give formal notice of Bilston's closure when it meets the TUC steel committee on Friday. Immediately afterwards, the national executive of the union, which represents 1,800 of the 2,300 workers at the plant, will be deciding how to react.

Although the union last year threatened a national strike over what it said was an attempt to close the plant prematurely, it may now wait to see how its members respond.

There could be a conflict of interest on the executive, since some members believe that Bilston is being kept going at the expense of Sheffield plants in the same division. This is denied by Bilston workers.

Any move on the executive for immediate action could be voted down by the South Yorkshire members and their South Wales allies.

A notice of closure from the BSC will, the corporation hopes, encourage the workers to start talking about severance pay despite the efforts of their action committee and its chairman Mr. Dennis Turner.

Last night Mr. Turner said that it was now the union's responsibility to make a decision, not the workers'. "How many times do they want the workforce to tell them their feelings about it?" He said the plant was expecting some encouraging news from the EEC after a visit to Brussels by Mr. Bill Sirs, union general secretary.

Local authority leaders will ask Mr. Varley to override the BSC's decision in the light of an Aston University report which said that the Corporation might save £45.9m over five years by closing Bilston, but that the closure would cost £35m in redundancy pay, supplementary benefits and retraining.

● The BSC yesterday agreed to go to arbitration after its failure to agree with the Iron and Steel Trades Confederation on a pay and productivity offer of 8 per cent, plus 1 per cent for extra holidays.

BL puts Prestcold up for sale

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

PRESTCOLD, WHICH claims to be the largest commercial refrigeration group in Europe, was put up for sale officially yesterday by BL, its parent company.

The decision by BL increases uncertainty about the future of Prestcold's Scottish factory, which employs 900 and is said by Prestcold to need an injection of at least £8m if it is to be put back on a commercial footing.

The sale of Prestcold was foreshadowed nearly four months ago when BL's SP Industries, formerly Special Products, the sixth biggest engineering group in Britain, was broken up.

The profitable companies went into Leyland Vehicles, leaving Prestcold and Aveling Barford, the construction equipment group, subject of major reviews.

A statement from BL said that the report of the review team "has recognised that the automotive industry does not necessarily constitute the ideal background for Prestcold's activities."

As with Aveling Barford, which was put up for sale nearly a month ago, BL says it is looking for buyers for whom the purchase of Prestcold will have "industrial logic and serve the best interests of Prestcold's employees and customers."

Prestcold's financial situation has deteriorated considerably in the past year.

In 1977 it made a profit before interest and tax of £2.5m on sales totalling £61m. In 1978 it is believed only to have broken even.

Margins have been under pressure as a result of worldwide competition in refrigation and air-conditioning products.

But the group's factory at Hillingdon, Glasgow, making a range of small compressors for domestic refrigerators, has been the prime sufferer.

It is believed to have lost about £500,000 a year for two years. The Scottish division suffered a 14-week strike last year.

The future of Hillingdon has been under review, aside from that of the group as a whole.

At the beginning of this month the Scottish Development Agency rejected a request to inject money into the factory, after considering a consultant's report on the plant which was jointly financed by Prestcold and the agency.

Discussions are being held with the Department of Industry and the Scottish Office, at the request of the Government, to explore possible alternatives to closure.

Prestcold's deputy chairman, Mr. Denis Field, has received inquiries from British and international companies interested in a purchase.

With the decision to put it up for sale officially, these inquiries will be explored further. The group's asset value is believed to be about £25m, including the Scottish factory.

BL seemed to fear that the bids might not be high enough when it included in its statement yesterday "the possibility of Prestcold remaining in BL cannot at this stage be discounted."

Prestcold, which came into BL as part of the old Pressed Steel Fisher group, claims to have 40 per cent of the UK commercial refrigeration market.

Lord Stokes to be BL top salesman—Page 8

SNP puts on pressure

BY RICHARD EVANS, LOBBY EDITOR

THE SCOTTISH National Party stepped up pressure on the Government last night to hold a Commons vote on Scottish devolution within a fortnight or face the prospect of the Nationalists seeking an early general election.

The threat was issued by Mr. Donald Stewart, SNP leader, after a 40-minute meeting with the Prime Minister at the *Commons*, but it remained unclear quite what the Nationalists tactics will be, or how fiercely they will harry the Government.

Significantly, there was no talk of the Nationalists tabling an immediate motion of no confidence in the Government and it seems unlikely that they will be given any supply day debating time in the near future.

The Cabinet will discuss tactics on devolution at its meeting tomorrow.

Continued from Page 1

Israeli Cabinet approval needed

resolved. It is believed that both sides may have, in effect, agreed to postpone decisions on them to a later date.

There is even now no guarantee that Israel, which in the past has not been slow to reinterpret or seek further amendments to previously agreed positions, will swallow her well-known misgivings and clinch a treaty.

Equally it is certain that other Arab countries will react strongly against Mr. Sadat for reaching the basis of a settlement with Israel which in their opinion does not begin to resolve the Palestinian issue or touch on the question of occupied Syrian territory at all.

The vigorous verbal exchanges between Mr. Mustapha Khalil, Egypt's Prime Minister, and Mr. Sadat last night, as Mr. Carter's aircraft was preparing to leave, might also indicate that not all is harmony within the Egyptian administration.

U.S. negotiations with Israel had proceded from late into Monday night at Foreign Ministerial level, focusing mostly on longer-term military aid to Israel as well as on U.S. financing of relocation of Israel bases in Sinai.

Israel is understood to be asking for $4bn to build bases in the Negev Desert, and as much as $2bn a year in military support.

At the very least Mr. Carter has stopped what he saw as the *deterioration of the peace* process in the months after the signing of the Camp David accords last September, and for that he will derive personal and perhaps public satisfaction.

The honeymoon may not be any longer-lived than that which followed Camp David. Certainly there is no sign of elation yet from the normally voluble Mr. Sadat.

Weather

UK TODAY

WINTRY SHOWERS and cold generally. Max. 6C (43F).

London, S.E., E. Anglia
Cloudy with rain.

Cent. S., W. Midlands, Channel Is., S.W., Wales
Sunny intervals Showers

E. Midlands, E., Cent. N., N.E.
Scattered showers

N.W., Lakes, Is. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Sunny intervals. Showers.

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, Cent. Highlands, N.W. Scotland
Bright, sunny with showers.

Rest of Britain
Showers and sunny intervals.

● **Outlook:** More wintry showers.

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	L. Plms.	F	19	66
Algiers	S	22	72	Lisbon	C	14	57
Amsdm.	C	6	43	Locarno	F	12	54
Athens	S	17	63	London	R	5	41
Bahrain	C	21	70	Luxmbg.	R	8	46
Barclna.	S	14	57	Luxor	S	25	77
Beirut	C	17	63	Madrid	S	18	64
Belfast	F	6	43	Majorca	S	16	61
Belgrd.	C	14	57	Malaga	C	15	59
Berlin	C	7	45	Malta	F	15	59
Biarritz	F	13	55	Mchstr.	C	7	45
Bmghm.	R	4	39	Melbne.	S	31	89
Blackp'l	C	6	43	Mex. C.	S	21	70
Bordx.	C	13	55	Milan	C	12	54
Boulgn.	R	6	43	M'ntreal	S	3	38
Bristol	Sl	3	37	Moscow	Sn	2	36
Brussels	C	6	43	Munich	C	13	55
Budpst.	C	10	50	Nairobi	S	25	78
B. Aires	S	23	73	Naples	C	15	59
Cairo	S	24	75	Nwcstl.	C	7	45
Cardiff	Sl	2	36	N. York	S	5	40
Cas'b'ca	C	16	61	Nice	C	15	59
Cape T.	C	25	77	Oporto	F	14	57
Chicago	S	9	47	Oslo	C	0	32
Cologne	R	7	45	Paris	C	12	54
Cpnhgn.	C	3	37	Perth	C	27	81
Corfu	F	16	61	Prague	R	7	45
Dublin	F	7	45	Reykjvk.	S	—3	27
Dbrvnk.	C	14	57	Rhodes	S	17	63
Ednbgh.	C	7	45	Rio J'o	C	30	86
Faro	S	16	61	Salzb'rg	F	12	54
Florence	F	14	57	Singapr.	S	28	82
Frankf't	R	7	45	Stckhm.	Sn	0	32
Funchal	F	15	59	Strasb'g	C	15	59
Geneva	C	13	55	Sydney	S	25	77
Gibrltr.	F	16	61	Tangier	C	14	57
Glasgow	C	9	48	Tehran	S	16	62
G'nsey	R	9	48	Tel Aviv	C	18	64
Helsinki	Sn	—1	30	Tenerife	C	13	55
H. Kong	C	21	69	Tokyo	R	6	43
Innsbr'k	S	14	57	Toronto	S	—4	25
Invrnss.	C	5	41	Tunis	S	19	66
I.o.Man	F	6	43	Valencia	S	16	61
Istanbul	C	9	48	Vienna	C	10	50
Jersey	C	11	52	Warsaw	S	5	41
Jo'burg	S	25	77	Zurich	C	12	54

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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